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ABSTRACT

Intended to assist Illinois teachers in planning an instructional program in consumer education that meets state requirements, this consumer education curriculum is designed to help students in grades 9 through 12: (1) become informed consumers; (2) understand the rights and responsibilities of consumers in society; (3) develop responsible attitudes toward the use of resources; (4) develop a sound decision-making process based on individual goals and values; (5) use sources of information to help make consumer decisions; (6) understand the independent roles of the consumer, the worker, and the citizen in our economy; and (7) participate more fully in the consumer aspects of family life. Following an introduction, the second of six sections focuses on the consumer in the marketplace. Topics in the third section, "The Consumer in Our Economy," include the economy; the consumer; interaction of the consumer with agriculture, business, government, and labor and trade unions; economic principles of the marketplace; important economic measurements; and economic issues for consumers. Topics related to financial planning such as budgeting, savings, investing, and financial services; consumer credit; taxes; and insurance are outlined in the fourth section. The fifth section on goods and services focuses on consumer services, housing, food, transportation, clothing, health care, recreation, and home furnishings and equipment. The final section, which lists consumer education resources, concludes the publication. For each section and subsection, course objectives, content, suggested activities, and related resources are outlined. (LH)

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CONSUMER EDUCATION

IN

ILLINOIS SCHOOLS

1986

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CONSUMER EDUCATION

in

ILLINOIS SCHOOLS

1986

ILLINOIS STATE BOARD OF EDUCATION

Program Planning and Development Section

Ted Sanders
State Superintendent of Education

Walter W. Naumer, Jr.
Chairman

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Addendum To

"Consumer Education in Illinois Schools 1986"

1. Refer to page 1, "Introduction"

   Each category is identified by the following symbols:

   - □ AV material
   - ☆ Computer material
   - * Print material
   - † Simulation

2. Page 71, "Publication Review Committee", James Huskey, Business Education Department, Lake Forest High School, Lake Forest

Introduction

This publication is intended to assist teachers in planning an instructional program in consumer education to meet the state requirements as outlined in *The School Code of Illinois*. Since 1967 when consumer education was mandated, the mandate has been revised a number of times. The most current revision (1985) follows.

> Sec. 27-12.1. Consumer education. (a) Subject to the provisions of subsection (b) of this Section, pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices and an understanding of the roles of consumers interacting with agriculture, business, labor unions and government in formulating and achieving the goals of the mixed free enterprise system. The State Board of Education shall devise or approve the consumer education curriculum for grades 9 through 12 and specify the minimum amount of instruction to be devoted thereto.
>
> (b) Prior to the commencement of the 1986-1987 school year and prior to the commencement of each school year thereafter, the State Board of Education shall devise, develop and furnish to each school district within the State a uniform Annual Consumer Education Proficiency Test to be administered by each school district to those pupils of the district in grades 9 through 12 who elect to take the same, provided that no pupil shall be permitted to take the test more than once in any school year. Each year the State Board of Education shall by rule prescribe the date or dates during the school year on which school districts shall administer the test devised and developed for that school year, together with the uniform standards which all districts shall apply in scoring that test. The test shall be devised and developed by the State Board of Education each year in a standardized manner to allow any pupil who takes the same and who achieves a score thereon which is not less than the minimum score established by the State Board of Education for the test so taken to thereby demonstrate sufficient proficiency in the area of consumer education as shall excuse such pupil from the necessity of receiving, as a prerequisite to graduation from high school and receipt of a high school diploma, the minimum amount of instruction in a consumer education curriculum otherwise required by subsection (a) and the rules or regulations promulgated thereunder.

The mandate outlines three main areas to be covered in all consumer education programs. These areas are installment purchasing, budgeting, and comparison of prices. Installment purchasing is covered in Chapter Five "Consumer Credit"; budgeting, in Chapter Three "Budgeting"; and comparison of prices, throughout the 15 chapters. An effort has been made to integrate "an understanding of the roles of consumers interacting with agriculture, business, labor unions and government in formulating and achieving the goals of the mixed free enterprise system" throughout the book.

The format used in this publication is similar to that of earlier editions. Each topic is identified in the opening paragraphs, followed by student objectives, an outline of content, suggested activities and resources. The resources section at the end of each topic reflects the most current material available. The material has been divided into four categories. Each category is identified by the following symbols:

AV material
Computer material
Print material
Simulation

The Consumer Education Resources section, which contains the most often used resources, is designed for teachers new to the field of Consumer Education.

Rationale

Consumer education prepares students for wise and responsible citizenship. Students should be made to feel the immediacy of learning to spend wisely to help them live more rewardingly now and to build a better future for themselves and others. Students need to explore, think about, and discuss what they want for others, as well as for themselves. Young people today, perhaps as never before, need to understand personal, economic, and social values and to understand and appreciate democratic processes.

The following definition of consumer education serves as a basis for the materials and suggestions contained in this publication.

> Consumer education is the development of the individual in the skills, concepts, and understandings required for everyday living to achieve, within the framework of one's own values, maximum utilization of, and satisfaction from, one's resources.

In our constantly changing economy, we are free to exercise choice among many alternatives for both earning and spending. To manage personal economic affairs to gain maximum satisfaction from their income level, students must become economically competent in the use of resources. Both natural and human resources, as well as capital goods, are expended as consumers choose jobs, earn, spend, save, borrow, invest, and plan for the future.

Objectives

The consumer education curriculum is designed to help students:

- To become informed consumers.
- To understand the rights and responsibilities of consumers in society.
- To develop responsible attitudes toward the use of resources.
- To develop a sound decision-making process based on individual goals and values.
- To use sources of information to help make consumer decisions.
- To understand the interdependent roles of the consumer, the worker, and the citizen in our economy.
- To participate more fully in the consumer aspects of family life.

To have the greatest impact, consumer education content and presentation must be oriented to students' current concerns and to the recognizable interests of themselves and their families. When this is done, students readily learn that consumer decisions must be based upon factual knowledge and the application of basic economic principles.

Since many teenagers have part-time jobs, students need to learn how to make intelligent decisions about their personal financial affairs. Given effective consumer education, students will be prepared to face and solve real-life problems. They will make more intelligent consumer decisions which, over time, will prove helpful to themselves and to the general economy.

Schools must prepare students for a lifetime of consumership to enable them to become informed and conscientious buyers of needed goods and services. Our youth, as members of a private enterprise system, must also have economic understanding to meet the economic problems facing them daily in both their individual lives and their society.

THE CONSUMER IN THE MARKETPLACE

The complexity and size of the marketplace require consumers to become better informed about both personal and public policy economics. People under 21 years of age represent a major spending force. These people should know how to buy—how to use sources of information, compare prices, identify value, and avoid fraud and deception, and how to consider the personal and social consequences of consumer decisions. With the right to vote at age 18, it is especially important for individuals to realize that they play an important role in our economy and that knowledge in matters of personal economics can greatly affect their welfare.

Education about business and economics is often from the producer's viewpoint. In today's economy, the consumer's influence can be significant. The consumer has gained equality in the triad of producer, worker, and consumer. Uninformed decision making may encourage the production of undesirable products. On the other hand, informed consumers may demand that business enterprises provide quality products and services.

Citizens need to know that the laws give both rights and responsibilities in business dealings. Consumers should learn to make informed choices by knowing and using sources of consumer information. While the majority of business transactions are honest and fair, occasionally, business people take unfair advantage of customers. If consumers fall prey to dishonest business practices, they should know how to obtain appropriate help.

Few of us have ample resources necessary to satisfy all our wants. By becoming an informed consumer, everyone should learn to derive the greatest satisfaction from limited resources. The informed consumer has a heightened awareness of the earth's constraints in furnishing unlimited consumption.

Objectives

After studying this unit, students should be able to:

- Understand the interacting roles of the consumer in society as consumer, producer, and citizen;
- Recognize the uniqueness of each consumer;
- Understand that consumer resources are largely dependent upon one's choices of occupations and careers;
- Understand the relationships among occupations, education, and income;
- Recognize that some occupations have fringe benefits that add to the resources of the consumer;
- Understand the factors which influence decision making;
- Identify the laws that affect the consumer in the marketplace;
- Understand the rights and responsibilities of the consumer in the marketplace;
- Recognize and avoid fraudulent and deceptive business practices;
- Recognize the need for practical experience in the marketplace;
- Identify sources of consumer information and criteria for evaluating that information;
- Recognize consumer problems and pitfalls and methods of redress;
- Gain an awareness of the consumer's power to influence the marketplace.

Outline of Content

I. Three Roles of the Individual in Society
   A. Consumer
   B. Producer
   C. Citizen

II. The Consumer in the Role of the Producer
   A. Determining one's goals in life
   B. How career decisions affect consumer resources, particularly financial resources
   C. Factors determining amount of income for various occupations
   D. Requirements and demands for entry into various occupations
      1. Education
      2. Training periods, apprenticeships, internships, etc.
   E. Benefits from occupations, other than salaries and wages
      1. Health care plans
      2. Pensions
      3. Paid vacations
      4. Unemployment benefits
      5. Paid sick leaves
      6. Retirement programs

III. Identifying the Consumer

A. Rational economic being
B. User of goods and services
C. Decision maker
D. Allocator of resources
E. Consumer in relation to the family
F. Consumer in relation to the seller
G. Consumer in society
    1. Life-style alternatives
    2. Impact of consumer decisions
        a. Family
        b. Economy
        c. Ecology

IV. Factors Affecting Consumer Decisions
A. Psychological motivation and restraints
    1. Hierarchy of needs and wants
    2. Values and goals
    3. Behavior analysis
        a. impulsive
        b. repetitive
        c. planned

B. Social motivation and restraints
    1. Peer group pressure
    2. Family custom and influence
    3. Cultural and ethnic influences
    4. Social trends
        a. Need for conservation
        b. Ecological influences
        c. Global influences
C. Economic motivation and restraints
    1. Personal and family resources
        a. Income
        b. Savings
        c. Time
        d. Skills
        e. Talents
        f. Education
    2. Limits of natural resources
    3. Emergencies
    4. Local and national financial outlook
        a. Economic measurements
        b. Index of consumer sentiment
        c. Consumer confidence index
D. Marketplace motivation and restraints
    1. Mass consumption economy (market structure)
        a. Interaction between buyer and seller
        b. Dealing with the corporation
    2. Business motivation
        a. Profit
        b. Consumer satisfaction
        c. Social consciousness
    3. Stimulation of consumer demand
        a. Advertising
            (1) Informative
            (2) Persuasive
        b. Emulative consumption
        c. Conspicuous consumption
    4. Consumerism
        a. Caveat emptor vs. caveat venditor
        b. Consumer sovereignty/power
        c. Consumer movement
E. Legal and ethical motivation and restraints
    1. Consumer laws
    2. Morality in the marketplace
    3. Consumer power
        a. Withhold purchases
        b. Boycotts
        c. Exposes
        d. Advocates
    4. Federal and state regulatory rules and agencies
    5. State charters and licenses
    6. Professional and trade practices

V. Principles of Buymanship

A. Information: basis for sound decision making
B. Criteria for quality information
    1. Reliability
    2. Validity
C. Sources of information
    1. Independent consumer testing
    2. Consumer information publications
    3. Government agency publications
    4. Business-sponsored aids
        a. Package information
        b. Labeling
    5. Informative advertising
    6. Citizen's groups
    7. Professional associations
    8. Trade associations
D. Alternative costs/opportunity costs
    1. Law of scarcity
    2. Unlimited wants
    3. Defer, delay, substitute
    4. Do without
E. Comparison of products and prices
    1. Big versus small sizes
    2. Differences between stores
    3. Brand name versus private label
    4. Generic versus brand name
F. Comparison of stores and services
    1. Warranties
    2. Convenience
    3. Return policy
    4. Customer service
G. Sales, promotion practices and techniques
    1. Bait and switch
    2. Impulse items
    3. Spiff money (push)
    4. Lo-balling
    5. Fictitious pricing
    6. Fashions and obsolescence
    7. Loss leaders
    8. Variable pricing
    9. Quantity discounts
    10. Cash versus credit pricing
    11. Coupons-stamps-games

H. Point of purchase aids
   1. Label and packaging information
      a. Open dating
      b. Nutritional information
      c. Safety information
      d. Energy use
      e. Ingredients
      f. Warning
      g. Appropriate use
   2. Unit pricing
   3. Quality seals
   4. Warranty information

VI. Consumer Problems

A. Fraudulent practices
B. False and misleading advertising
C. Consumer ignorance and misinformation
D. Overwhelmingness of marketplace
E. Phony repairs
F. Consumer contracts
G. Misrepresentation of merchandise
H. Poor service
I. Consumer helplessness
J. Discrimination in the marketplace
   1. Race
   2. Sex
   3. Age
K. Mail frauds
L. Overconsumption
M. Waste

VII. Consumer Issues

A. Consumer representation
B. Energy and resource conservation
C. Corrective advertising
D. Comprehensive health delivery system
E. Housing availability
F. No-fault insurance
G. Repair service licensing
H. Consumer arbitration
I. Taxation inequities
J. Public transportation
K. Cost of consumer protection
L. Product liability
M. White-collar and corporate crime
N. Antitrust action
O. Inflation-recession
P. Government regulation
   1. Automobile safety
   2. Electronic sales techniques

VIII. The Rights of Consumers

A. The right to safety
B. The right to be informed
C. The right to choose
D. The right to be heard (President J. F. Kennedy—March 15, 1962)
E. The right to register dissatisfaction (President Richard Nixon—October 30, 1969)
F. The right to consumer education (President Gerald Ford—November 19, 1975)

IX. The Responsibilities of Consumers

A. To register complaints
B. To use products properly and safely
C. To use information effectively
D. To be honest in transactions
   1. Shoplifting
   2. Pilferage
E. To honor obligations

X. Consumer Redress

A. Sources of redress
   1. Local dealer or manufacturer
   2. State or local consumer protection—Department of Sales, Weights and Measures
   3. Local bureau of consumer fraud
   4. Local labor unions
   5. Federal consumer agencies
      a. Office of Consumer Affairs
      b. Federal Trade Commission
      c. Food and Drug Administration
      d. U. S. Post Office
      e. Consumer Product Safety Commission
      f. U.S. Department of Agriculture
   6. Legal:
      a. Private attorney
      b. Courts
      c. Small claims court
      d. Legal aid society
      e. Neighborhood legal services
   7. Business/trade associations
      a. Major Appliance Consumer Action Panel (M.A.C.A.P.)
      b. Furniture Industry Consumer Action Panel (F.I.C.A.P.)
      c. Better Business Bureau
   8. Community
      a. Local consumer organizations
      b. Community action programs
      c. Newspaper action columnists
      d. Television complaint action
B. Methods of redress
   1. Consumer assertiveness
   2. Complaint letters

Suggested Activities

Make a list of long-range goals that seem important at present. Try to identify at least eight goals that serve as life goals.

Use the *Occupational Outlook Handbook* to investigate job opportunities and employment requirements in various occupations. Have students write letters or talk to people involved in a career of interest to them.

Survey the community to determine the jobs that are available, the requirements for entry into each job (including training periods), and the salaries that each job pays.

Obtain copies of a labor union contract that has been negotiated and analyze the benefits other than wages and salaries that are contained in the contract.

Read articles comparing consumer products in *Consumer Reports* or *Consumer's Research*. Conduct a price comparison of these products in your area (or with the use of catalogs).

Prepare a bulletin board display or poster based on current consumer problems as presented in *Changing Times, Current Consumer, Everybody's Money*, and articles in the newspapers.

Prepare a display of articles and photographs on the various agencies available to assist consumers.

Prepare and discuss a list of business practices prohibited by the Federal Trade Commission. Contact the FTC for information regarding projects currently under investigation.

Invite a speaker from a local or state consumer protection agency to discuss the activities of the agency.

Invite a local businessperson to discuss consumer issues and consumer problems from a business perspective.

Identify the legislative bodies at the various levels of government. Obtain information regarding existing or pending consumer protection laws.

Prepare a display showing the rights and responsibilities of consumers.

Arrange a visit to a small claims court to observe the proceedings involved in a case.

Analyze radio, television, newspaper, and magazine advertisements for factual information. Compare this list to emotional appeals presented in ads.

Display samples of actual ads which are misleading or deceptive. These can be from magazines, newspapers, or mail ads.

Discuss examples of common consumer frauds which exist. Prepare a list of suggestions to avoid these deceptions.

Prepare a school and community newsletter with information which would be of help to consumers when making decisions or buying certain products.

Discuss the impact of various consumer decisions on the economy, environment, family, and individual.

Describe a course of action which may be taken by a consumer who was treated unfairly in a business transaction.

Compose a letter of complaint for an actual or created situation.

Conduct library and other research (surveys, interviews) on a consumer problem or issue.

Assume that advertising was removed from our society. What would be the effect of this action on (a) consumers, (b) the economy, (c) the media, and (d) business and industry?

Interview consumers who have had a complaint. Obtain information on how they attempted to get the problem solved.

Maintain a chart of local prices for common consumer purchases. Compare the price changes to those reported in the Consumer Price Index of the Bureau of Labor Statistics.

Prepare a log of television ads for certain time periods (Saturday morning, afternoons, and weekday evenings). Compare the types of products advertised and the techniques used to influence consumer behavior.

Prepare a display of different product labels. Identify the information available to assist consumers.

Discuss the placement of various food items in stores. What efforts are made to stimulate consumer purchases?

Analyze the features of various warranties. Obtain information from the Federal Trade Commission regarding current laws regulating warranties.

Contact local legal services to obtain information regarding the cost of various services—will preparation, property purchase, adoption.

Discuss the costs of various consumer actions which result in higher prices—shoplifting, eating food in stores without paying, changing price tags, returning used items for a full refund.

Compare the efforts of businesses, government, and consumer organizations to provide assistance and information to consumers.

Resources

* *A.C.C.I. Newsletter.* American Council on Consumer Interests, 240 Stanley Hall, University of Missouri, Columbia, MO 65211. A monthly summary of current consumer information and legislation and summaries of consumer education resource materials (books, articles, teaching units, and audio-visual materials).

* *Advertising: A Marketing Tool; Advertising Is Communicating.* Kraft, Inc. Consumer Affairs Department, Kraft Court, Glenview, IL 60025. These two publications provide excellent background information of many aspects of advertising including the benefits and potential problems, advertising techniques, and regulation of advertising.

* *Advertising Age.* Crain Communications, 740 Rush Street, Chicago, IL 60611. A twice-weekly trade journal covering many aspects of the marketing and advertising industries—new products, advertising costs, brand name use, advertising effectiveness, advertising regulation.

□ *Consumer Economics: Making Decisions.* Encyclopaedia Britannica Educational Corp., 425 North Michigan Avenue, Chicago, IL 60611. A 16mm film which presents the consumer and financial decisions made by young people.

* *Consumer Price Index.* Bureau of Labor Statistics, 9th Floor, Federal Office Building, 230 South Dearborn Street, Chicago, IL 60604. A monthly report of changes in consumer prices for selected categories of items.

* *Consumer's Resource Handbook.* Consumer Information Center, Pueblo, CO 81009. Prepared by the U.S. Office of Consumer Affairs, this directory includes an extensive listing of corporate and government consumer contacts. The introduction features the basics of effective consumer complaints.

* *Consumerism in the Eighties.* Atlantic Richfield Company, Consumer Affairs Department, 515 South Flower, Los Angeles, CA 90071. A summary of the Louis Harris and Associates opinion survey on consumer problems, consumer protection, and the consumer movement.

* *Consumerism: Search for the Consumer Interest.* (edited by David A. Aaker and George S. Day) Macmillan Publishing Company, 866 Third Avenue, New York, NY 10022. A comprehensive set of readings involving many aspects of consumerism: advertising, food and product safety, government regulation.

* *Current Consumer and Lifestyles;* Curriculum Innovations, 3500 Western Avenue, Highland Park, Illinois 60035. A monthly student-oriented magazine covering current aspects of consumer problems, shopping, money management, and consumer law.

† *Decisions.* EMC Publishing, 300 York Avenue, St. Paul, MN 55101. Ten computer programs for use in various consumer education units. Topics include the decision-making process, supply and demand in action, career planning, using credit, wise buying, and financial services.

* *Everybody's Guide to Small Claims Court.* Addison-Wesley Publishing Company, Reading, MA 01867. This book covers the procedures involved when using a small claims court.

* *Everybody's Money Consumer's Directory.* Everybody's Money, Box 431, Madison, WI 53701. A comprehensive listing of corporate and government contacts with hundreds of names and addresses.

□ *The Good Buy Show.* Consumer Union Educational Service, 256 Washington Street, Mt. Vernon, NY 10550. A video-cassette of entertaining and informative reports of various consumer products.

□ *The Informed Consumer.* Society for Visual Education, 1345 Diversey Parkway, Chicago, IL 60614. Teaching kit with four filmstrips, cassettes, and teacher's manual covering the topics of consumer rights and responsibilities and comparative shopping.

* *Integrating Consumer and Economic Education into the School.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. A curriculum guide to assist with creation and development of the consumer education instructional program.

□ *The Myths of Shoplifting.* MTI Teleprograms, 3710 Commercial Avenue, Northbrook, IL 60062. A 16mm film covering the effects of shoplifting on individuals, consumers, and society.

* *Occupational Outlook Handbook; Occupational Outlook Quarterly.* Superintendent of Documents, Government Printing Office, Washington, DC 20402. These publications cover job prospects for many career areas including information on training requirements, potential earnings, job descriptions, and opportunities for advancement.

□ *Protect Yourself: Practical Law for Young Adults.* Educational Enrichment Materials, 357 Adams Street, Bedford Hills, NY 10507. Teaching kit with three filmstrips, cassettes, and teacher's guide covering various consumer law topics.

* *What's Going on at the F.T.C.?* Federal Trade Commission, Office of Consumer Protection, Washington, DC 20580. Brochure summary of programs and activities of the FTC with regard to advertising and unfair business practices.

* "Whither Consumerism?" *At Home with Consumers.* (December, 1984), Direct Selling Education Foundation, 1730 M Street, Washington, DC 20036. This edition of the newsletter covers the current status of various consumer problems and the consumer movement with several points of view—government, business, education.

* *Why Unions?* American Federation of Labor and Congress of Industrial Organizations, 815 Sixteenth Street, NW, Washington, DC 20006. This booklet presents the role of organized labor and its contributions to our society.

* *Your Shopping Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. A shopping guide for making purchases of consumer goods and services, also a section on handling consumer problems.

THE CONSUMER IN OUR ECONOMY

The consumer plays a vital role in our private enterprise (market) economy. Rational consumers freely cast their dollars (like votes), collectively or privately, in favor of one product among many competitors. The consumer's self-interest and the self-interest of the numerous competitors direct the production of the quantities of goods and services that society desires at prices that are largely determined by competition.

The market mechanism is our means of allocating scarce resources. The decisions concerning the use of resources are made privately by consumers or collectively as consumers of public services and by business, agriculture, labor, and government. The decisions of consumers interact with the decisions made by individuals or groups in agriculture, labor, trade unions, business, and government to formulate and achieve the economic goals of society. Attainment of these goals depends largely on effectively teaching young consumers how to convert their resources into goods and services which will lead to a better quality of life for them.

Rational, well-informed consumer decisions help individuals get maximum satisfaction from their limited money and, at the same time, help decide the best use of the nation's resources.

Objectives

After studying this unit, students should be able to:

- understand the role of the consumer in the economy interacting with agriculture, business, government, labor and trade unions;
- understand the effect of consumer spending in the marketplace;
- recognize the interdependence of the consumer as a worker, consumer, citizen;
- be aware of business organizations in the private enterprise system;
- become aware of the role of agriculture as it operates in the private enterprise system (market economy);
- become familiar with the role of labor organizations in the private and public sectors of the economy;
- be aware of the role of government in the private enterprise system;
- understand economic principles that effect the consumer in the marketplace;
- understand important economic measurements of the economy.

Outline of Content

I. The Economy

- A. Components of the economy
  - 1. Consumer-worker-citizen
  - 2. Producers
    - a. Agriculture
    - b. Manufacturer
    - c. Distributor
    - d. Retailer
    - e. Labor
    - f. Trade unions
  - 3. Government
  - 4. Foreign markets
- B. Circular flow of economic activity
  - 1. Natural resources
    - a. Land
    - b. Labor
    - c. Capital
    - d. Management
  - 2. Income
    - a. Rent
    - b. Wages
    - c. Interest
    - d. Profit
  - 3. Spending
  - 4. Goods and services
- C. Characteristics of a private enterprise system (market economy)
  - 1. Freedom of choice/demand
  - 2. Profit motivation
  - 3. Degree of competition
    - a. Pure competition
    - b. Oligopoly
    - c. Monaplistic Competition
    - d. Monopoly
  - 4. Private property
  - 5. Government influence

II. The Consumer

- A. Personal economic activity
  - 1. Earning
  - 2. Spending
  - 3. Saving
  - 4. Investing
  - 5. Borrowing

B. Consumer as decision maker
   1. Determines resource allocation
   2. Rational economic being
   3. Economic voting
   4. Consumer sovereignty/power
   5. Influence on quality
C. Importance of consumer in economy
   1. Influences total economic output of goods and service
   2. Impact of consumer demand on the economy
   3. Dependence of prosperity on consumer spending and saving
   4. Impact of consumer demand on producers
      a. Efficiency
      b. Safety
      c. Price
      d. Quality
D. Interdependence of consumer-worker-citizen roles
   1. Consumer as worker
   2. Consumer as citizen
   3. Individual as consumer

III. Interaction of Consumer with Agriculture, Business, Government, and Labor and Trade Unions

A. Agriculture
   1. Production
   2. Distribution
   3. Farm income in relation to consumer prices
B. Government
   1. As producer
   2. As consumer
   3. As employer
   4. As regulator
   5. Protection of the consumer
   6. Protection of the marketplace
   7. Promoter of economic growth, stability, and justice
      a. Fiscal policy
      b. Monetary policy
      c. Transfer payments
C. Business
   1. Profit motivation
   2. Customer satisfaction
   3. Social consciousness
D. Labor and trade unions
   1. Union membership
   2. Collective bargaining
   3. Wages and benefits
   4. Cost of labor on price of goods and services
   5. Employee and employer rights and responsibilities under the law

IV. Economic Principles in the Marketplace

A. Scarcity of resources
   1. Need for choices
   2. Need to economize
   3. Need to maximize utility and satisfaction
B. Opportunity cost
   1. Personal decision making
   2. Social costs
C. Price determination
   1. Demand
   2. Supply (cost)
   3. Interaction of supply and demand
   4. Competition as control of price
D. Economic goals
   1. Freedom
   2. Efficiency
   3. Growth
   4. Stability
   5. Security
   6. Justice

V. Important Economic Measurements

A. Gross national product
B. Inflation
C. Unemployment
D. Consumer price index
E. Recession
F. Personal income
G. Productivity
H. Public debt
I. Real income
J. Cost-benefit
K. Index of consumer confidence/sentiment
L. Dow Jones average

VI. Economic Issues for Consumers

A. Protection from inflation
B. Paying for government protection
C. Impact of government regulation on business
D. Consumer impact on economy/ecology
   1. Energy
   2. Pollution
   3. Cleanup costs
E. Inequality in the economy
   1. Race
   2. Sex
   3. Age
F. International trade/balance of payment
G. Impact of deficit spending on the economy

Suggested Activities

Use diagrams of the circular flow of economic activity to illustrate the components of the economy and the interaction in the economy.

Write an essay on one of the two following topics: "How Consumer Decisions Affect Business Policies," or "How Government Economic Policies Affect the Consumer."

Conduct a class discussion dealing with the question of what consumer protection should be provided by the government and what responsibilities should be left to the consumer.

Construct a bulletin board that illustrates the economic goals:

Growth—	the desire for an increasing standard of living for an increasing population
Stability—	the desire for a high level of employment without inflation
Security—	the desire for continuity of income in the face of physical and economic hazards
Freedom—	the desire of producers to select their occupations and of consumers to dispose of their income knowledgeably
Justice—	the desire to minimize inequalities of opportunities and inequalities of income

Identify ways in which consumers can accept responsibility in regard to legislation, unfair business practices, or use of customer services provided by business.

Invite a speaker from one of the local offices of the state or federal consumer protection agency.

Take a survey of the public as to what they would be willing to give up in order to fight pollution of air, water, and land.

Have students write consumer impact statements of the packaging of certain products: plastic bottles, spray cans, nonreturnable bottles.

Collect news article reports of the commonly reported economic measurements: CPI, GNP, personal income, wholesale price index.

Explain the importance of profits to:

creating jobs,
capital expansion,
encouraging investment,
providing goods at lower cost,
creation of new goods and services.

Invite a local businessperson to trace the route of a product from raw material to retail sales. Ask for a cost analysis for the different steps.

Invite a labor union official and a businessperson to class to speak on the topic of "Employee and Employer Rights and Responsibilities under the Law."

Form teams to debate topics like "Should all workers belong to a labor union?" and "Pros and cons of right to work laws."

Investigate the cost breakdown in the price of a loaf of bread, a half gallon of milk, a five-pound bag of sugar, and a gallon of gasoline. Try to identify the portion of the price that went to each group that had anything to do with the production and sale of the products.

Resources

□ *The American Enterprise.* 5-30 minute. Available from Illinois State Board of Education, Television Section, 100 North First Street, Springfield, IL 62777. These five programs present an in-depth look at our economic system from five separate vantage points: land, people, innovation, organization, and government.

* *Basic Business and Consumer Education.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. Presents lessons suitable for consumer education courses that aim to prepare students to use sound economic analysis in making decisions as consumers, producers, and citizens.

* *Consumer Economics.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. Contains detailed lesson plans which give practical information on how to integrate economic concepts and an economic way of thinking into consumer education courses.

* *Employee Rights Handbook.* Illinois Department of Labor, 310 South Michigan Avenue, 10th Floor, Chicago, IL 60605. This guide will help an employee identify the proper department for various questions.

* *A Framework for Teaching the Basic Concepts.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. Contains concise statements of the basic concepts and generalizations used to teach economics.

□ *Give and Take.* Agency for Instructional Television/Joint Council on Economic Education, Northern Illinois University, DeKalb, IL 60115. A videotape series of twelve 15-minute programs to increase student understanding of basic economic concepts, decision-making and knowledge of the role of the consumer, worker and citizen. Videotape and Teacher's Guide are also available from Illinois State Board of Education, Television Section, 100 North First Street, Springfield, IL 62777.

□ *National Economy Quiz.* Available from the Illinois State Board of Education, Television Section, 100 North First Street, Springfield, IL 62777. An overview of economic concepts important to the consumer.

* *The Role of Labor Unions in the American Economy.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. Background information for teachers on labor unions in the United States and their impact on the American economy.

☐ *Tax Whys.* Agency for Instructional Television Joint Council on Economic Education. Color. 1984. Videotapes and Teachers' Guide are available from the Illinois State Board of Education, ITV, 100 North First Street, Springfield, IL 62777 or the Illinois Council on Economic Education, Northern Illinois University, DeKalb, IL 60115. Six 15-minute TV programs which help students understand how taxation influences decisions and how it affects people of all ages, occupations, and social levels.

BUDGETING

Money management needs to be taught as a competency, as well as a mechanical exercise. Because of rising prices and other strains on their budgets, families have less income to satisfy their needs and wants. Therefore, people have become more aware of financial problems and the need to manage their income and other resources to help them live within their income. Guidance is needed to develop the ability to manage resources to achieve the life style that reflects the individual's and family's income goals and needs. The major objective for teaching money management is to maximize satisfaction through the development of understandings, knowledge, skills, and attitudes in relation to resources. Individuals and families need to learn to make rational, rather than emotional decisions, in determining how income and resources will be used in attaining both immediate and long-range goals. One aid in helping to attain their goals is the budget. It should be pointed out that there is no "model" budget which is good for all, but a budget is a means of guiding personal and financial behavior. Budgeting is an ongoing activity, and as budget considerations change, the budget must be flexible enough to undergo evaluation and revision.

Objectives

After studying this unit, students should be able to:

- Understand that a budget is a plan for spending income;
- Demonstrate how values, goals, and needs influence the use of personal and family income;
- Identify and set priorities for personal and family needs, wants, and goals;
- Recognize the different kinds of resources used by individuals and families;
- Use the principles of money management in financial planning;
- Understand that at different periods in life, financial plans of individuals and families change;
- Become familiar with the function and uses of a budget;
- Recognize that income must be allocated;
- Understand the value of using resources effectively;
- Recognize that product care and maintenance protect future resources.

Outline of Content

I. Principles of Money Management

- A. Money Management—a plan to achieve goals by fitting needs to resources
- B. Benefits of money management
  1. Provides a better understanding of financial status, net worth
  2. Encourages rational use of income
  3. Requires examination of goals, values, needs, and wants
  4. Helps one get maximum value for expenditures
  5. Develops awareness of alternatives
  6. Helps one live within income
  7. Develops useful records for income tax purposes

II. Factors Affecting and Influencing Use of Income by the Individual or Family

- A. Values and goals
  1. Definition and identification
  2. How values affect financial decisions
  3. Establishing a personal financial plan through goal selection
- B. Needs
  1. Definition and identification
  2. Law of scarcity and principle of alternative choices
- C. Life cycle variation
  1. Single
  2. Newly married
  3. Young family (small children)
  4. Growing family (dependent children)
  5. Mature family (no dependents)
  6. Retirement
- D. Resources
  1. Education
  2. Skills
  3. Time
  4. Income
  5. Unions
  6. Others
- E. Buymanship (comparison shopping)

III. Planning a Budget

- A. Determine time period to be covered (generally for pay period)
  1. Weekly
  2. Monthly
  3. Yearly
- B. Establish goals
  1. Short-range
  2. Intermediate
  3. Long-range

C. Estimate income (resources)
   1. Salary or wages
   2. Interest and dividends
   3. Gifts
   4. Other
D. Planning the use of income (expenditures)
   1. Fixed, committed expenses
   2. Variable living expenses
   3. Savings

IV. Preparation and Evaluation of the Budget

A. Total family involvement should be the basis of planning
B. Be realistic in allocating expenses
C. Keep written records of income and expenditures
D. Keep money management simple and maintain flexibility
E. Agreement of family members in budgeting methods used
F. Excesses or shortages require reallocation or shifting of funds
G. Factors signaling need for revision
   1. Continuous discrepancies in budget
   2. Change in income
   3. Change in needs, goals, or life styles
   4. Change in life cycle
   5. Change in economic environment (inflation, recession)

V. Management of Resources

A. Alternatives to buying goods or services
   1. Rent
   2. Trade or barter
   3. Repair or make it yourself
   4. Buy used rather than new
   5. Do without—we cannot satisfy all wants
B. Be aware of and manage time
C. Maintain health and personal energy
D. Care and maintenance of products already owned

VI. Financial Counseling, Advice and Issues

A. Bank, savings & loan, credit union
B. Family financial and credit counseling
C. Family service agencies
D. Bankruptcy and Chapter 13
E. Money management practices and their relationship to bankruptcies, divorce and suicide

Suggested Activities

Explain how five items you have purchased recently relate to your values and goals.

Make a list of your short- and long-term goals. Estimate the amount of money and time you will need to reach each goal.

List your skills and abilities that are resources which can help you meet your goals.

List your financial resources.

Keep a record of your income and expenditures for one month and compare this with your estimate of your month's expenses and revise after one month.

Prepare a budget for a wedding or graduation party.

Ask your parents to discuss common mistakes made in managing money.

To simulate budgeting, plan one or two evenings after school or even a week hour-by-hour and keep track of how you actually spend your time. Revise and plan again.

Interview a banker as to how financial bankruptcies develop.

Role play a family making financial decisions.

Collect different budget forms from banks, extension services, and credit bureaus, and prepare a budget for yourself.

Prepare a budget for a college freshman including tuition, room, board, fees, clothing, transportation, etc., and the sources of financing these expenditures.

List all of the goods and services you buy. Determine which of these items are necessities. List priorities for the remaining items and decide which could be eliminated or decreased.

List several goods and services you need to buy. Identify and evaluate the different alternatives you have in achieving each of these needs.

Research poor money management practices and their relationship with bankruptcies, divorce and suicide.

Resources

*† *Budgeting.* C.W. Publications, 1313 Fifth Avenue, Sterling, IL 61081. 815/626-5679. Inexpensive classroom activities and simulations dealing with developing and maintaining budgets for different family situations.

* *CUNA Money Management Kit* and *A Guide to Budgeting for the Young Couple.* National Credit Union Youth Program, Box 391, Madison, WI 53701. Kit contains excellent materials for discussion of all phases of money management.

☆ *Financial Cookbook.* South-Western Publishing Co., 5101 Madison Road, Cincinnati, OH 45227. Financial calculations software package designed for complete personal financial planning and decision making with 32 recipes.

☆ *The Home Accountant.* South-Western Publishing Co., 5101 Madison Road, Cincinnati, OH 45227. A software program handling a wide variety of personal activities in a budget.

* *Living within Your Income* (circular 1163) and *Money Talk for Parents* (circular 1232). Cooperative Extension, College of Agriculture, University of Illinois, Urbana, IL 61801. Both publications deal not only with the mechanics of budgeting, but also the other considerations a family needs to make in developing spending habits.

☆ *Microcomputer Applications in Vocational Education: Home Economics.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. 800/322-3905. A series of programs designed to demonstrate the use of the microcomputer in home economics occupational area including personal budget, utilities, housing options and home loan analysis.

☆ *You Decide—Part III (Making Ends Meet).* C.W. Publications, 1313 Fifth Avenue, Sterling, IL 61081. 815/626-5679. Computer software offering a student one of the most realistic personal finance simulations. Gives the student many options and scores the student's responses on the student's ability to live within the his/her income.

* *Your Financial Plan.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. Booklet discussing values and goals, money management, and other consumer education topics.

* *Your Money Manager* and *Date with Your Future.* American Council of Life Insurance, 1850 K St. N.W., Washington, D.C. 20006. Publications dealing with money management techniques aimed at the teenager's interests.

SAVING, INVESTING, AND FINANCIAL SERVICES

Saving and investing are important aspects of individual and family financial planning. Effective saving and investing are essential to the attainment of a desirable level of living and the achievement of many financial goals. Saving and investing strategies will need to change over time to reflect changing goals related to circumstances and changes in the life cycle.

Saving occurs when disposable income exceeds consumption. Usually this occurs by design, rather than coincidence. The budgeting process can be of assistance in assuring that saving occurs in a predictable and desirable manner. The disposition of funds which are accumulated through saving and from other sources can be divided into two categories: savings and investments. Savings are usually placed in low-risk, fairly liquid accounts and intended for use in meeting anticipated expenses and as an emergency fund. Investments generally involve higher risk and less liquidity for the purpose of increasing the value of the funds invested and/or for the generation of future income.

The deregulation of banking, begun in 1980 with the Depository Institutions and Monetary Control Act of 1980 and continued by the Garn-St. Germain Depository Institutions Act of 1982, has brought about many changes to the savings options available to consumers through banks and savings institutions. The major changes involve the gradual phasing out of the interest rate differentials between banks and thrifts (Regulation Q); allowing banks and thrifts to offer money market deposit accounts; authorizing savings and loans and savings banks to make a wider variety of loans than were previously permitted; and generally making it possible for banks and thrifts to compete on a more equal basis for business and consumer loans and deposits. The result of those changes, as perceived by most consumers, is a wide array of financial services offered by a variety of financial institutions with differing terms and conditions, necessitating careful comparison shopping for optimal outcomes.

A significant factor in encouraging more people to save and invest regularly was the passage of legislation permitting individuals to invest up to $2,000 of earned income annually in an Individual Retirement Account and to defer income taxes on the contributions and their earnings until they are withdrawn.

Objectives

After studying this unit, students should be able to:

- Understand the relationship between savings and investing and the achievement of financial goals;
- Understand the relationship between inflation, the real value of investments, and rate of return;
- Recognize that savings and investing goals may change at different stages in the life cycle;
- Understand the function, effects, and benefits of saving on the overall economy;
- Identify the types of financial institutions and the services they offer;
- Identify and evaluate alternative types of depository accounts and certificates;
- Understand the differences between investing for income, and growth and tax reduction;
- Identify a wide range of investment alternatives;
- Evaluate investment alternatives on the basis of rate of return, liquidity, risk, and financial goals;
- Identify sources of information on saving and investment options;
- Develop a plan for saving and investing, based on personal and family values and goals and on future financial needs.

Outline of Content

I. The Role of Saving and Investing in Financial Planning

   A. The necessity of saving (foregoing consumption) to the attainment of many financial goals
   B. Changing goals at different stages of the life cycle
   C. Differences between savings and investments
   D. Effects of decisions about savings and investments on the individual, the family and the economy

II. Factors Affecting Savings and Investment Choices

   A. Risk or safety
   B. Rate of return
      1. After taxes
      2. Fees
      3. Inflation
   C. Liquidity
   D. Financial goals
      1. Values
      2. Stage in life cycle
      3. Lifestyle choices
      4. State of the economy and expectations for the future

III. Financial Institutions
- A. Commercial banks
- B. Savings and loan associations
- C. Mutual savings banks
- D. Credit unions
- E. Currency exchanges
- F. Insurance companies
- G. Brokerage houses
- H. U.S. Government
- I. New financial institutions

IV. Savings and Investment Alternatives Available to Consumers

- A. Check writing accounts
  1. Commercial banks
  2. Savings and loan associations (NOW and super NOW accounts)
  3. Credit unions (share draft)
  4. Money market accounts
- B. Savings accounts
  1. Commercial banks
  2. Savings and loans
  3. Credit unions
  4. Finance companies
- C. Certificates of deposit
- D. IRAs and Keogh Plans
- E. Life insurance (cash value accumulating)
- F. Bonds
  1. U.S. savings bonds—Series EE, HH
  2. Other federal government financial instruments
  3. Corporate bonds
  4. Municipal bonds
- G. Real Estate
  1. Residential
  2. Commercial
  3. Land
  4. REITS
  5. Limited partnerships
- H. Business
  1. Proprietorship and/or partnership
  2. Stocks
  3. Mutual funds
- I. Commodities
  1. Agricultural
  2. Currency futures
  3. Metals, etc.
- J. Collectibles
  1. Art
  2. Antiques
  3. Stamps
  4. Coins, etc.
- K. Exploration and extraction
  1. Uranium
  2. Oil
  3. Gold, etc.
- L. Self-investment
  1. Education
  2. Training
  3. Self-actualization

V. Sources of Information about Saving and Investing
- A. Newspapers and books
  1. *Barrons*
  2. *Business Week*
  3. *Changing Times*
  4. *Forbes*
  5. *Money*
  6. Newspapers (business section)
  7. *The Wall Street Journal*
  8. *Value Line*
- B. Resource people
  1. Attorneys
  2. Bankers
  3. Brokers
  4. Certified financial planners
  5. College and university faculty
  6. Cooperative extension personnel
  7. Insurance salespeople
  8. Savings and loan representatives

The following questions should be considered when making saving and investing decisions.

- —What are your saving and investment goals?
- —How much money do you have available?
- —When will you need the money?
- —How much risk do you want to assume?
- —What alternative investments are available to you?
- —How well do you understand the alternatives being considered?
- —What are the rates of return (after taxes, fees, commissions, etc.) for the alternatives?
- —How liquid is the investment?
- —How risky is the investment?
- —What is the investment outlook for the future?
- —What are the opportunity costs?
- —What resources can you use to find out more about the available alternatives?

Suggested Activities

Visit one or more depository institutions and find out the various savings plans they have, the interest rates, the amount of time the money must be pledged, minimum balance, and any other limitations imposed.

Make a list and a brief summary of advertising by thrift institutions which you see in the local newspaper and/or on TV including rates of return, premiums, etc.

List and summarize the advertising of investments offered by non-banks in the local media.

Visit a local bank and obtain the latest table indicating the value of Series EE and HH bonds and how interest rates are determined.

Make a display of newspaper ads for IRAs (particularly good January-April).

Discuss where you would place your money in view of your own goals if you had $1,000 saved.

Invite representatives of banks, savings and loan associations, credit unions, etc., to speak to the class.

Role play and simulate all characters involved in opening a savings account.

Develop a bulletin board display on savings advertisements and promotional gifts or incentives offered.

Let students work in groups (perhaps simulating a family) with case studies to set investment goals and develop strategies for saving and investing.

Form an investment club in school and purchase bonds or shares of stocks.

Read and discuss financial information found in a newspaper.

Debate the appropriateness of various investment possibilities for various individual or family situations.

Devise individual investment plans from present age through retirement.

Have students use microcomputer simulations on investing.

Establish and operate a credit union in the class through either actual student participation in savings and lending or role playing.

Resources

* *Alice in Debitland.* Board of Governors of the Federal Reserve System, Washington, DC 20557. A booklet (available in classroom lots) outlining the consumer protections available through the Electronic Funds Transfer Act.

* *Adult Financial Management Matrix, Parts I & II.* American Council of Life Insurance, 1850 K Street, N.W., Washington, DC 20006. Two matrices which illustrate a process which may be used when developing financial programs for people of differing ages and family status.

☆ *Baron.* Blue Chip Software, 6740 Eton Avenue, Canoga Park, CA 91303. A real estate simulation which includes residential property, business real estate, and land.

□ *EFT at Your Service.* Videocassette, VHS/color, 15 minutes (Federal Reserve Bank). Illinois State Board of Education, ETV/ITV Section, 100 North First Street, Springfield, IL 62777. Explains what EFT is, how it works, what the protections are, and the requirements and limitations.

☆ *Financial Cookbook.* South-Western Publishing Company, 5101 Madison Road, Cincinnati, OH 45227. A financial calculation software package for personal financial planning. Contains several savings and investments related topics.

* *Financial Independence as You Like It.* Claude Albert Paisley. Allyn and Bacon, 470 Atlantic Avenue, Boston, MA 02210. A paperback self-help book on financial planning which contains a lot of useful easy-to-read material and a good glossary.

□ *Let's Save: Opportunity Cost.* Program 3 of *Give & Take,* video/film, 15 minutes (Agency for Instructional Television). Illinois State Board of Education, ETV/ITV Section, 100 North First Street, Springfield, IL 62777. Deals with the application of the concept of opportunity costs and tradeoffs to spending and saving.

☆ *Millionaire.* Blue Chip Software, 6740 Eton Avenue, Canoga Park, CA 91303. A stock market simulation which teaches terminology, investing strategies, and concepts. A different market environment is created for each game and the players receive news, select stocks, examine company and industry charts, and periodic evaluations of net worth. Relatively easy and fun.

* *Personal Finance.* R. Malcom Richards, S. Keny Cooper, and Donald R. Frazer. Scott, Foresman and Company, 1900 East Lake Ave., Glenview, IL 60025. A textbook which contains a well-written and factual coverage of investments.

☆ *Return on Investment.* Program #11 in *Microcomputer Applications in Voc-Ed: Business, Marketing & Management.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. A program which calculates return for a specified cost and income stream. It allows the user to compare alternative investments using the rate of return.

☆ *Squire.* Blue Chip Software, 6740 Eton Avenue, Canoga Park, CA 91303. A financial planning game which allows the player to experiment with a wide range of investment options using age, current assets, retirement date, and desired economic level as variable inputs.

* *Taking Stock in the Future.* New York Stock Exchange, 11 Wall Street, New York, NY 10005. A classroom program designed to teach about the securities market and its place in the American free enterprise system. Includes wall charts and ditto masters.

□ *Taxes Influence Behavior.* Program 2 of the *TAX/WHYS* video/film, 15 minutes (Internal Revenue Service). Illinois State Board of Education, ETV/ITV Section, 100 North First Street, Springfield, IL 62777. Explains how taxes, deductions, credits, and exemptions encourage or discourage activities, including savings and investments.

☆† *The Stock Market Experiment.* Illinois Council on Economic Education, Northern Illinois University, Adams Hall, DeKalb, IL 60115. Computer simulation dealing with New York Stock Exchange Common Stocks. Student teams compete over a semester with schools in various regions of the State of Illinois.

* *Your Savings and Investment Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. A booklet outlining strategies for savings and investments.

* *Your Savings Options.* Consumer Federation of America, 1314 14th Street, N.W., Washington, DC 20005. Informative leaflet which summarizes all the savings options and their attributes.

CONSUMER CREDIT

Consumer credit is more than a powerful force in our economy. In the past few decades, it has become a way of life for most of us. When handled effectively, consumer credit can help us achieve many of our most important goals. When misused, it can create serious financial problems for individuals and families alike.

The decision to use consumer credit depends on needs, resources, and available alternative choices. To shop for credit intelligently, students need to understand the various credit sources, the plans they offer, the services they provide, the requirements of each plan, and the laws that govern credit transactions.

Objectives

After studying this unit, students should be able to:

- Understand consumer credit and its relationship to the economy;
- Know the types and sources of consumer credit;
- Know the requirements for establishing and maintaining a good credit rating;
- Recognize and evaluate the provisions of consumer credit agreements;
- Understand the cost of credit and its legal obligations to credit users;
- Use credit intelligently;
- Know where to seek assistance if financial difficulties occur;
- Know the laws that govern consumer credit.

Outline of Content

I. Consumer Credit in the Economy

- A. What credit is
- B. Amount of credit in use
- C. Growing dependence on credit
- D. Growing availability of credit
- E. Effect of credit on our standard of living
- F. Role of credit in mass production, distribution, and consumption
- G. Why sellers grant credit

II. Types of Consumer Credit

- A. Cash credit (available to consumers in the form of cash by lending agencies and financial institutions)
  1. Personal installment loans
  2. Single payment loans
  3. Check credit plans
  4. Passbook and credit card loans
- B. Sales credit (offered when the consumer purchases good and services)
  1. Noninstallment
     - a. Health care services
     - b. Utility charges
     - c. Some travel and entertainment services
     - d. Regular—30-, 60-, or 90-day—charge accounts (no finance charge)
  2. Installment
     - a. Revolving and optional charge accounts
       - (1) Credit limit established when account is opened
       - (2) One credit agreement covers all future purchases
       - (3) Credit cards provide instant identification
       - (4) May pay in full (no finance charge) or elect to pay only part of balance (finance charge added)
       - (5) Monthly payments may vary depending on balance at end of billing period
       - (6) Percentage rate of finance charges established by state law
     - b. Retail installment credit accounts
       - (1) Usually used for major purchases
       - (2) May require a down payment depending on terms repayment period may be for months or years in length
       - (3) Monthly payments usually remain the same over life of loan
       - (4) Seller owns goods until account is paid in full
       - (5) Usually requires a separate contract for each new purchase
       - (6) Finance charges are added to the cash price
       - (7) Debt may be owed to a third party

III. Sources of Consumer Credit

- A. Cash credit
  1. Banks
  2. Savings and loan associations
  3. Small loan companies (finance companies)
  4. Credit unions
  5. Insurance companies
  6. Credit card companies
  7. Pawnbrokers
  8. Illegal lenders (loan sharks)

B. Retail credit
   1. Retail merchants
   2. Catalog order houses
   3. Third-party lenders

IV. Applying for Credit
   A. Bases for credit ratings
      1. Character—a responsible person with a record of meeting financial obligations promptly
      2. Capital—savings or the prospect of financial resources based on education or a trade
      3. Capacity—debts incurred by the use of credit will not present undue hardship for the user
   B. Credit scoring systems
   C. Role of credit reporting agencies
      1. Checking individual credit ratings
      2. Fair Credit Reporting Act

V. Credit Agreements and Contracts

   A. Types of credit agreements
      1. Retail installment contracts and security agreements
      2. Promissory notes
      3. Chattel mortgages
      4. Collateral notes
      5. Cosigner or comaker
   B. Other provisions
      1. Acceleration clause
      2. Add-on clause
      3. Balloon payment
      4. Default charges
      5. Credit life insurance
      6. Prepayment privilege
      7. Wage assignments
      8. Garnishments
   C. Information appearing on credit agreements and contracts
   D. Responsibilities of credit users
   E. Responsibilities of credit grantors

VI. Advantages of Credit

   A. Use of goods and services while paying for them
   B. Handling financial emergencies
   C. Convenience
   D. Efficiency of recordkeeping and budgeting
   E. East of resolving complaints and making returns
   F. Proof of financial responsibility

VII. Disadvantages of Credit
   A. Credit costs
   B. Future income tied up
   C. Overspending
   D. Impulse spending and weakened sales resistance
   E. Possible repossession of merchandise
   F. Limitations in where you can shop
   G. Denial of credit in an emergency because of poor credit rating

VIII. Credit Costs

   A. Costs of obtaining and using credit cards
   B. Methods of computing consumer credit charges
      1. Add-on charge
      2. Discount charge
      3. Declining balance
   C. Billing procedures—Fair Credit Billing Act
   D. Reasons for variations in finance charges
      1. Type of credit used
      2. Amount and length of repayment schedule
      3. State laws
   E. Use of finance charges by credit grantor
      1. Pay for borrowed capital while income from credit sales is outstanding
      2. Pay for extra employees, facilities, and supplies necessary to:
         a. open accounts
         b. collect debts
         c. cover bad debts

IX. Using Consumer Credit Wisely

   A. Use only as much as you can repay comfortably
   B. Weigh the convenience against the cost
   C. Select for its intended purpose
   D. Shop carefully for the best credit terms
   E. Look for Truth in Lending information
   F. Understand all credit instruments before signing
   G. Pay obligations according to terms of the agreement
   H. Keep repayment schedules as short as possible
   I. Plan credit use in terms of present and future financial picture
   J. Keep a record of purchases and compare with statements
   K. Report credit card losses and billing errors immediately

X. Sources of help from financial difficulties

   A. Contacting creditors
   B. Credit counseling services
   C. Family service agencies
   D. Debt consolidation loans
   E. Illinois Department of Labor-Wage Claims Division
   F. Wage earner plans (Chapter 13)
   G. Bankruptcy

XI. Consumer Credit Laws and Issues

A. Illinois Small Loan Law
B. Illinois Consumer Fraud Act 1961, Amendments 1967
C. Illinois Retail Installment Sales Act 1967
D. Federal Consumer Credit Protection Act (Truth in Lending) 1969
E. Federal Fair Credit Reporting Act 1971
F. Federal Fair Credit Billing Act 1975
G. Federal Equal Credit Opportunity Act 1975, Amendments 1977
H. F.T.C. Holder in Due Course Ruling
I. Electronic Funds Transfer Systems (EFTS)
J. Discounts for use of cash
K. Fair Debt Collection Practice—1978

Suggested Activities

Survey local stores in the community to determine implications of "charge it." What is the extra cost if bills are not paid promptly? What are the costs and obligations of revolving charge accounts and installment plans?

Develop a case study that involves borrowing money for a purchase. Ask four students to take this problem to four different lending agencies such as a commercial bank, a consumer finance company, credit union, and life insurance company. Compare the percentage rates or finance charges. Investigate reasons for differing costs. Discuss the advantages and disadvantages of borrowing from each agency.

Obtain and fill out sample application forms for credit. Follow up with a discussion of questions on the form, establishing a sound credit rating, and the value of a sound credit rating.

Obtain and study several sample credit contracts and monthly statements. Follow up with a discussion of words and terms used in the contracts and statements, legal rights and obligations of creditors and debtors, consequences of failing to meet obligations, and disclosure requirements of the Truth in Lending Act.

Examine differences between several local creditors and draw up a list of things to look for when shopping for credit.

Divide the class into groups of students to research buying a $300 stereo system in different stores and report back to the class on different finance charges for 12, 18, and 24-month contracts. Discuss other factors that might influence consumer choice: reputation of the store, provision for service, guarantees.

Discuss and make up a list of places to call to report dishonest credit practices, to get advice and help with credit problems, and to check out a creditor's reputation before signing a contract.

Ask a representative from a labor union to discuss the assistance that can be obtained when members are in financial difficulties, including instances when inappropriate or illegal deductions have been made.

Discuss local, state, and federal government laws and regulations which protect consumers in their use of credit: what are the provisions of the laws; how do they protect consumers; how are they enforced; and how do you report violations?

Develop a case study in which a debtor remains liable for payment of a credit contract even though the goods and services have not been delivered or are not satisfactory. Discuss the reasons for this situation and the legal remedies that can be considered.

Invite credit representatives of credit granting agencies (bankers, managers of credit departments in retail stores, managers of consumer finance companies, credit union officers, managers of credit bureaus) to talk to the class, or interview them in their offices and tape the conversation to play back and discuss in class.

Resources

- *Buying on Credit.* 16mm film, 13 minutes. Coronet, A Simon & Schuster Communications Company, 108 Wilmot Road, Deerfield, IL 60015. Three young men discuss their credit experiences. Their casual conversation introduces such credit terms as finance charges, bank loans, down payments, interest, and installment payments. The three C's of credit: character, capacity, and capital are defined.

* *Bankruptcy for Individuals.* Illinois State Bar Association, Illinois Bar Center, Springfield, IL 62701. This pamphlet explains bankruptcy under Chapter 7, 13 and 11. It also answers several common questions.

* *Buying on Time.* Illinois State Bar Association, Illinois Bar Center, Springfield, IL 62701. This pamphlet covers the following topics: credit cards, security agreements, rights of seller upon default, defective goods, "as is" merchandise, and door-to-door sales.

* *Consumer Handbook to Credit Protection Laws.* Board of Governors of the Federal Reserve System, Washington, DC 20551. Explains what you should look for when using credit and what creditors look for before extending it.

* *Credit Guide.* Federal Reserve Bank of Chicago, Public Information Center, Box 834, Chicago, IL 60690. Discusses what your credit rights are, what you need to do to insure those rights and where to get help if you should have a problem related to credit.

* *Equal Credit Opportunity Act and Age.* Board of Governors of the Federal Reserve System, Washington, DC 20551. This pamphlet describes the provision of the Act that prevents your age from being used against you when you need credit.

* *Equal Credit Opportunity Act and Credit Rights in Housing.* Board of Governors of the Federal Reserve System, Washington, DC 20551. This pamphlet describes the most important provision of the Act and the regulation issued by the Federal Reserve to carry it out.

* *Equal Credit Opportunity Act and Women.* Board of Governors of the Federal Reserve System, Washington, DC 20551. This pamphlet defines what equal credit opportunity is and answers a series of most often asked questions relating to equal credit opportunity.

* *Fair Credit Billing.* Board of Governors of the Federal Reserve System, Washington, DC 20551. This pamphlet explains how to resolve a billing dispute in a way that protects your credit rating.

* *If You Use a Credit Card.* Board of Governors of the Federal Reserve System, Washington, DC 20551. Explains how to limit your risk if your card is lost, what you can do if goods you buy with a credit card are unsatisfactory and how to figure and compare card charges.

* *How to File a Consumer Credit Complaint.* Board of Governors of the Federal Reserve System, Washington, DC 20551. Describes what the Federal Reserve can do if you have a complaint, discusses Consumer Credit Laws and the Consumer Advisory Council.

* *How to Choose and Use Retail Credit.* Consumer Information Services, Department 703, Public Affairs, Sears, Roebuck and Co., Chicago, IL 60684. This booklet discusses retail credit and the various retail plans that let you buy things when you need them and pay later—from future earnings.

* *Illinois Laws Relating to Wage Assignments and Wage Deductions for the Benefit of Creditors.* Illinois Department of Labor, 910 South Michigan, 18th Floor, Chicago, IL 60605. This is a copy of the laws regarding assignment of wages and wage deductions for benefit of creditors.

* *Teaching Consumer Education Topic VII "Shopping for Credit".* Delta Pi Epsilon Rapid Reader No. 2. Department of Business Education and Administrative Services, Northern Illinois University, DeKalb, IL 60115. Outline of Consumer Credit Unit.

* *What Is a Credit Bureau?* Associated Credit Bureau, 6767 Southwest Freeway, Houston, TX 77074. Chicago office: 425 Michigan Avenue, 60611. Explains the role of a credit bureau.

* *What Truth in Lending Means to You.* Board of Governors of the Federal Reserve System, Washington, DC 20551. Discusses finance charges, credit cards, advertising and cancellations.

* *Your Credit Rights: An Instructional Unit on Consumer Credit Protection.* Federal Reserve Bank of Minneapolis, Minneapolis, MN 55480. This publication increases student awareness of the role played by individuals, creditors, credit bureaus, and debt collectors in the debt process. It also should increase an understanding of the legal rights and responsibilities of consumers and help develop skills in establishing and using consumer credit and solving credit-related problems.

TAXES

The payment of taxes is such an integral part of the everyday lives of all people that the importance of taxes and taxation sometimes is minimized. Even so, most consumers must give periodic attention to taxes, and many people are concerned about the economic and social benefits that are derived from the use of tax revenues and from the taxation policies used by federal, state, and local governments.

Because almost everyone has responsibilities for the payment of taxes and because of differing views on the most appropriate use of tax revenues, consumers need to be able to analyze tax structures at all levels of government as to their strengths and weaknesses, to compare the benefits received with the cost, and to evaluate the taxes and the tax policies in terms of their fairness and desirability. Consumers also need to be able to express their views on the need for revisions in tax structures and tax policies. The ability to complete tax forms used in reporting income also is a requirement of everyone in our society, and taxpayers should be able to use the existing tax laws to help them avoid the payment of more taxes than are rightfully due.

Objectives

After studying this unit, students should be able to:

- Understand that taxes are used to raise revenue and transfer resources from use by private individuals to use by various levels of government;
- Understand that the continued increase in taxes at local, state, and federal government levels is largely due to a demand for increased services paid for with public funds;
- Recognize that citizens have a responsibility to inform local, state, and federal government officials when tax policies are unwise, unfair, and inappropriate;
- Understand that economic freedom in our society is judged largely by the extent to which individual citizens are free to use the money they earn in the manner in which they choose and that this freedom is curtailed by the payment of taxes because the individual has no control over the expenditure of these funds;
- Analyze the impact of deficit spending on the economy;
- Understand that to agree on what is a fair tax is difficult because people have different values and priorities, but two criteria that can be used to assess tax fairness are benefit received and ability to pay;
- Understand that taxes and tax reductions influence people's behavior in a way that discourages or encourages certain activities;
- Understand why governments engage in deficit spending;
- Understand how progressive, regressive, and proportional taxes affect different income groups;
- Understand that taxation involves a compromise of conflicting goals and that people who make the same income may not pay the same amount of taxes;
- Know how to complete a federal income tax form and a state income tax form in such a way that no more tax is paid than is rightfully owed;
- Know how local tax revenues are spent and form opinions about the uses of local tax funds;
- Understand that consumers ultimately pay all taxes and should be concerned about the tax laws under which dollars are collected and the policies used to distribute those tax dollars.

Outline of Content

I. Taxation as a Sharing Process

- A. Common need for goods and services
- B. Effect of increased demand for public goods and services
- C. Sources of tax revenues
  1. Local
  2. State
  3. Federal
- D. How tax laws are enacted
- E. How tax revenues are distributed
- F. How taxation is used to influence social, political, and economic policies in our nation

II. Local Tax Revenues

- A. Sources
  1. Property tax on homes and businesses
  2. Industrial property tax
  3. Retail sales and excise tax
  4. Service tax, such as utility tax
  5. Personal income tax
  6. Licenses and fees
  7. Revenue sharing

B. Uses
   1. Administrative expenses for local government units
   2. Provision of common service needs
      a. Fire
      b. Police
      c. Streets
      d. Recreation
      e. Welfare
      f. Other ancillary services
      g. Educational facilities and services
      h. Locally owned enterprises such as public utilities
   3. Comparison of benefits to costs
   4. Need for consumers to voice opinions about taxes

III. State Tax Revenue

A. Sources
   1. Personal income tax
   2. Motor vehicles and motor fuel fees and taxes
   3. Occupational tax on retailers, service occupation tax, and retail sales tax
   4. Service taxes such as utilities
   5. Fees, licenses, and taxes on distributors and users of alcoholic beverages and tobacco products
   6. Inheritance and estate tax
   7. Gift taxes
   8. Insurance fees and social taxes
   9. Racing fees and licenses
   10. Business licenses and taxes
   11. Amusement tax
   12. Lottery receipts
   13. Revenue sharing
   14. Franchise tax
   15. Other

B. Uses
   1. Administration of state government units
   2. Provision of common services
      a. Education
      b. Welfare
      c. Police
      d. Highways
      e. Recreation
      f. Other services
   3. Group insurance and pensions
   4. Administration of racing industry
   5. Administration of game and fish laws
   6. Economic development
   7. Regulation of business and industry
   8. Administration of court systems

C. Comparison of benefits to cost

D. Need for consumers to voice opinions about taxes

IV. Federal Tax Revenue

A. Sources
   1. Personal income tax
   2. Corporation income tax
   3. Excise taxes
   4. Estate tax
   5. Gift tax
   6. Other

B. Uses
   1. Administration of federal government agencies
   2. Provision and regulation of services
      a. Health
      b. Education
      c. Welfare
      d. Veterans' benefits
      e. Agricultural benefits
      f. Social insurance
      g. Court systems
      h. Parks and recreation
      i. Postal service
      j. Transportation
      k. Housing
      l. Urban development
      m. Relations with foreign countries
      n. Other services

C. Comparison of benefits to costs

D. Need for consumers to voice opinions about taxes

V. Types of Taxes
   A. Regressive
   B. Progressive
   C. Proportional

VI. Income Distribution and Redistribution through Taxation
   A. Welfare
   B. Transfer payments
   C. Medicare
   D. Medicaid

VII. Criteria for Evaluating Taxes, Tax Structures, and Tax Policies

   A. Effect of tax structure on personal incentives
   B. Effects of regulatory functions on economic growth and stability
   C. Personal economic costs versus corresponding personal benefits
   D. Social economic costs versus corresponding social benefits
   E. Fairness (tax burden equitably distributed)
   F. Productive (tax is productive in revenue)
   G. Stable (revenue is stable)
   H. Economical (tax is economical to administer)
   I. Convenient (tax is convenient to pay)
   J. Obvious (tax makes the payer conscious of tax)
   K. Simple (tax structure is simple, not complex)
   L. Neutral (tax does not favor one individual or group more than another)

VIII. Federal and State Individual Income Tax Forms

A. Alternatives in forms to use
B. Deciding on need for assistance
C. Sources of assistance
D. Determining the reliability and competency of tax service
E. Record keeping for tax purposes
F. Tax-related forms
   1. SS
   2. W2
   3. W4
   4. W4E
G. Procedures for completing forms
   1. Deciding on form to use
   2. Income subject to tax
   3. Determining exemptions and deductions
   4. Use of schedules
   5. Computation of tax liabilities
   6. Declaring estimated tax
H. Amended tax forms
I. Tax audits

Suggested Activities

Have small groups of students work with a current city or state budget which has been submitted for approval. Assume that a $1 million tax revenue levy has just been voted down by the public; therefore, this amount must be cut from the budget under consideration. Allow each group of students to determine what they would cut from the budget and support their justification for the proposed cuts. Following discussion and formulation of policy, each small group could review their decision with the entire class.

For a variation, assume that a $1 million tax levy has been passed and additions may be made to the budget. Permit students to create and justify proposals for a new or extended budget.

Develop a list of benefits provided from tax dollars now being spent. Calculate the individual and/or public cost of each benefit and compare that cost with the estimated private cost for the same benefit.

Allow individuals to calculate their own tax liability through the use of resource materials found in "Understanding Taxes." Use both a short and long form and compare the difference.

Have a panel discussion on the following subjects.

(1) Identify three government services now provided for consumers and demonstrate how private industry might provide these services at a lower cost and/or with greater efficiency.
(2) Select one or two services now provided privately by business and demonstrate how governmental provision of these services could be handled more economically and/or efficiently.

Discuss the following topics.

(1) Should private, nonprofit institutions be required to pay taxes on income?
(2) Should the law allow business expense deductions when money is spent primarily for personal pleasure? Are there ethical considerations which go beyond the law? How do these deductions affect consumers?
(3) Could a person's tax liability become heavy enough that the person might refuse to work as hard or earn as much? Assuming that a worker's production falls because incentive has been reduced, discuss how this situation would affect other customers. (4) Do taxpayers receive fair dollar value in the form of facilities and services for tax dollars spent?

Involve students in the consideration of taxpayer responsibilities for care and maintenance of public facilities as well as wise consumer use of public services. Could tax savings be realized through responsible consumer action? Are ecological issues important to the consumer?

Use the telephone directory of a local community and make a list of all city and county government agencies that provide services and/or regulate the services provided. List the services provided and regulated. Discuss the benefits in relation to costs.

Find a state yearbook that lists all the departments and bureaus in state government. Select some of these departments and bureaus to investigate and determine their functions. Discuss the benefits to taxpayers.

Use the criteria listed in the content outline to evaluate each of the taxes named as local (city and county) taxes, state taxes, and federal taxes.

Invite local government officials to the classroom to describe the services that the official performs. Compare salary, expenses of the official's office, etc., with the benefits derived from the services of the office.

Use the *Occupational Outlook Handbook* and the *Outlook Quarterly* to investigate the career opportunities and requirements for employment in occupations that are related to taxes and taxation. Include all related occupations in local, state, and federal governments.

Resources

* *Analyzing Tax Policy: A Resource Guide.* Thomas R. Swartz, John Roos, John S. Morton. Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. 1979. Takes up the role of taxes in economy, the various kinds of taxes, the criteria for evaluating the merits and demerits of taxes, and some political aspects of taxation. Also covers recent developments including the proper-

ty tax limitations in California mandated by "Proposition 13." Contains overview for teachers, instructional activities, and materials for classroom use.

† *Budgets and Taxes.* Education Ventures, Inc., 209 Court Street, Middleton, CT 06457. Simulation. Playing time: 2-4 hours. Accommodates 6-20 players. Participants first play the role of public officials who submit budget requests for the coming year. Then they play the roles of private citizens who are affected by increases or cutbacks in public service and in taxes.

* *Debt and Deficits.* Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, NY 10045. A booklet addressing issues related to the national debt and deficit spending.

□ *Give and Take.* Agency for Instructional Television/Joint Council on Economic Education/-Canadian Foundation on Economic Education. Color, 1982. Videotapes and Teacher's Guide are available from the Illinois State Board of Education ITV, 100 North First Street, Springfield, IL 62777 or the Illinois Council on Economic Education. Northern Illinois University, DeKalb, IL 60115. A videotape series on topics and concepts in personal economics for use in grades eight through ten. It consists of twelve 15-minute programs for use in consumer education, economics, business education, home economics, social studies, and other classes in which material on personal economics is presented. (See especially films #7 and #8, on government spending and taxes.)

* *Illinois Information Services.* 201 West Monroe Street, Springfield, IL 62706. Resources pertaining to Illinois tax laws.

* *Illinois Monthly Economic Data Sheets.* Illinois Department of Commerce and Community Affairs, 222 South College Street, Springfield, IL 62706. Monthly report on tax climate in the State of Illinois. Includes information on income generated from tax sources.

* *1984 Illinois Tax Climate.* Taxpayers' Federation of Illinois, 525 West Jefferson, Suite 506, Springfield, IL 62702. A biennial comparison of Illinois taxes and taxes in similar states.

* *Illinois State Budget* (for current fiscal year). Office of the Governor, State of Illinois, Springfield, IL 62706. Contains tables that give the revenues, by source and the actual and estimated expenditures for the current and preceding years.

□ *Money Talks.* Internal Revenue Service. Color. 26 minutes. Available from local IRS Office. A film in which Benjamin Franklin and Alexander Hamilton conduct a historical tour demonstrating the major role taxes have played in the nation's development. May also be ordered on videotape and duplicated by schools.

* *Monthly Fiscal Report.* Illinois Office of the Comptroller, 201 State House, Springfield, IL 62706. Monthly report on revenues and expenditures of Illinois state government.

* *Road Maps of Industry.* National Industrial Conference Board, Inc., 845 Third Avenue, New York, NY 10022. Monthly color graphs illustrating changes in various sectors of the economy. Comparisons of tax revenues and expenditures often are included.

† *Taxes.* Interact, P.O. Box 262, Lakeside, CA 02940. Simulation suitable for junior and senior high school students. Accommodates entire class. The purpose is to show how major taxes affect individual and community decisions. The students assume themselves to be engaged in one of a variety of occupations and develop a "taxation profile" that shows how various taxes affect them. The climax of the simulation is the enactment of a tax proposal by a community council.

□ *Tax Whys: Understanding Taxes.* Agency for Instructional Television/Joint Council on Economic Education/Internal Revenue Service. Color. 1984 Videotapes and Teacher's Guide are available from the Illinois State Board of Education, ITV, 100 North First Street, Springfield, IL 62777 or the Illinois Council on Economic Education, Northern Illinois University, DeKalb, IL 60115. A videotape series of six 15-minute programs that help high school students understand the principles of taxation. It helps students understand how taxation influences decisions they make and how it affects people of all ages, occupations, and social levels.

□ *The Kingdom of Mocha.* Available on loan from the Illinois Council on Economic Education, Northern Illinois University, Adams Hall, DeKalb, IL 60115. Animated 16mm film to explain the market economic system using a mythical economic society and its citizens, the Mochans.

□ *The Subject Was Taxes.* Internal Revenue Service. Color 16 1/2 minutes. Available from local IRS Office. A brief review of taxes from earliest times, showing that taxes are not peculiar to present-day society. May also be ordered on videotape and duplicated by schools.

☆ *The Tax Advantage.* South-Western Publishing Co., 5101 Madison Road, Cincinnati, OH 45227. Computer program to assist in solving typical income tax problems of individual taxpayers. The program takes the student through Form 1040 and other common tax forms.

□ *Understanding Taxes.* Internal Revenue Service, available from local IRS offices. Annual. A colorful publication in magazine format that covers subjects such as the following: taxpayers' responsibilities and rights; how to prepare an income tax return, history of taxation, economics of taxation, politics of taxation, state taxes, facts and fallacies about IRS, and glossary of tax terms. A Teacher's Guide with activities, quizzes, and background information is also available.

INSURANCE

Almost every person at some time will be faced with the need to buy insurance. Because the content in the area of insurance is so extensive and somewhat technical, many consumers do not feel competent to make wise decisions, and they depend almost entirely upon the seller of the product for guidance. The purchase of insurance represents a large outlay of money over a person's lifetime, and decisions to purchase insurance coverage should be rational, informed decisions.

High school students have many experiences with insurance: as participants in the school's accident and sickness insurance program for students, as policyholders of automobile insurance, as beneficiaries of life insurance policies, as members of a family health insurance plan, and as recipients of social security benefits. In addition, many of the older high school students soon will be buying life, health, and property insurance and will be making contributions to social security.

To make intelligent choices when buying insurance, students need to know the risks of financial loss that they face, the methods by which they can minimize or eliminate these losses or receive reimbursement for them, the methods to use in determining their need for insurance coverages, the various types of insurance and insurance policies available to meet their needs, and the basis for choosing specific types of coverages. In addition, high school students need to be alerted to the many career opportunities in the insurance field.

Objectives

After studying this unit, students should be able to:

- Understand the basic idea and purpose of insurance and the importance of insurance in financial planning;
- Understand how to relate occupational choice to the insurance programs offered as benefits on the job;
- Know the risks of financial loss that individuals face and be able to assign appropriate priorities to these risks as a means of assuring the most satisfactory allocation of insurance funds;
- Understand that a decision to buy insurance protection means that the money spent for the cost of this protection cannot be used for other purposes;
- Acknowledge that the cost of insurance may be sufficiently high to cause an individual to decide to pay for financial losses from personal resources;
- Understand the reasons for waiting periods, deductibles, participating and nonparticipating policies, and insurable interests;
- Know the expense categories that must be considered when buying insurance against premature death of the wage earner and know how to determine the amount of life insurance needed to supplement other types of death benefits;
- Understand the important contract provisions in life insurance policies;
- Know how to choose life insurance companies and agents;
- Understand the role of social security in planning one's life insurance program, the benefits available through social security, and eligibility requirements for these benefits;
- Know the purpose of annuities and the types available and understand the uses of annuities in one's financial planning;
- Know the risks that one faces regarding sickness and accident and how to assign appropriate priorities to these risks;
- Understand the purpose of disability insurance, the types available, and the uses of disability insurance in one's financial planning;
- Evaluate health insurance products when part of a group or when not in a group;
- Know the important forms of health insurance (cash incentive program, home health care, HMOs), the characteristics of each form, and when to select one form in preference to another;
- know the most important provisions in health insurance contracts and how to select specific coverages to meet one's needs;
- Know the risks that one faces with respect to ownership of property and the amounts of coverage needed for these risks;
- Understand the need to evaluate property insurance coverage frequently and alter these coverages to compensate for inflationary trends in property values;
- Understand the uses of a homeowner's policy and a tenant's policy and know the appropriate form to buy to fit one's needs;
- Know the specific coverages in an automobile insurance contract, the appropriate amounts of insurance for each of these coverages, and the costs of the coverages;

- Understand the advantages and disadvantages of no-fault automobile insurance;
- Know how to choose automobile insurance companies;
- Understand what to do in case of an automobile accident.

Outline of Content

I. Basic Idea and Purpose of Insurance: Indemnification of Financial Losses (Risk Management)

II. Insurance as an Aid in Attaining Life's Goals

- A. Insurance as protection for dependents
  1. Family
  2. Partners
  3. Employees
- B. Importance of insurance as a fringe benefit to employment
- C. Evaluation of fringe benefits as a criterion for occupational choice

III. Risks of Financial Loss

- A. Loss of income
  1. Death
  2. Illness
  3. Disability
  4. Retirement of breadwinner
  5. Unemployment
- B. Sickness and accident expenses
  1. Hospital
  2. Medical
  3. Surgical
- C. Personal and public liability
  1. Injury to other persons
  2. Damage to other people's property
- D. Loss of real or personal property
  1. Fire
  2. Acts of God
  3. Theft
  4. Destruction
- E. Damage to real or personal property
  1. Fire
  2. Acts of God
  3. Vandalism
  4. Accidental damage

IV. Priority Listing of Risks in Order of Severest Financial Strain on the Family Budget (Risk Management)

- A. Risks that can be assumed by an individual
- B. Risks that cannot be assumed by an individual

V. Opportunity Costs of Buying Insurance Protection

VI. Basic Factors in Obtaining Insurance

- A. Costs of insurance
- B. Waiting periods
- C. Deductibles
- D. Participating policies
- E. Nonparticipating policies
- F. Insurable interest
- G. Premiums

VII. Life Insurance and Annuities

- A. Coverages needed upon death of the breadwinner
  1. Final expenses (debts, last-minute illness costs, burial, estate settlement)
  2. Family living expenses
  3. House mortgage
  4. Education expenses for children
  5. Surviving spouse's income between the time family social security payments stop and social security retirement benefits begin
  6. Supplementary income during surviving spouse's retirement
- B. Social security benefits that reduce the need for life insurance coverages
  1. Survivors' benefits
  2. Eligibility for survivors' benefits
  3. Amounts of survivors' benefits provided
- C. Determining amounts of needed life insurance coverages
  1. Determine the expenses to be covered in each expense category
  2. Use a worksheet or rule of thumb to arrive at specific amounts of coverage needed
- D. Pure protection life insurance—term policies (nature, characteristics, and appropriate uses)
  1. Group term
  2. Decreasing term (mortgage and credit life insurance)
  3. Renewable term
  4. Credit life insurance
- E. Protection-plus-savings life insurance (nature, characteristics, and uses)
  1. Straight life
  2. Limited payment life
  3. Universal life
  4. Endowment
  5. Combination policies and special policies (variable life)
- F. Uses of social security in life insurance programs
- G. Contract provisions in life insurance policies
  1. Nonforfeiture options
  2. Dividend options
  3. Settlement options
  4. Grace periods
  5. Waiver of premium riders
  6. Double indemnity riders
  7. Beneficiaries

H. Choosing life insurance companies and agents
   1. Annuities
      a. Types
      b. Characteristics
      c. Uses (IRAs, tax shelters)
      d. Advantages
      e. Disadvantages

VIII. Policy provisions in disability insurance

A. Guaranteed renewability
B. Noncancellable
C. Waiting, or elimination period
D. Benefit period
E. Incontestable clause
F. Waiver of premium

IX. Health Insurance

A. Risks that one faces regarding sickness and accident
   1. Hospital expenses
   2. Medical expenses
   3. Surgeon's fees
B. Disability expenses
   1. Loss of income
   2. Medical expenses
   3. Hospital expenses
C. Dental expenses
D. Order of priority in buying coverages for sickness and accident
E. Group health insurance plans
   1. Types
   2. Costs
   3. Coverages
F. Policy provisions in health insurance
   1. Waiting periods
   2. Length of time benefits will be paid
   3. How the policy pays off
      a. Services
      b. Money
   4. Home health care
   5. Inpatient and/or outpatient coverages
   6. Recurring illnesses
   7. Cancellation or renewal provisions
   8. Disability definitions
   9. Deductible provisions
   10. Coinsurance provisions
G. Social Security
H. Government-sponsored insurance programs
I. HMOs
J. Major medical insurance policies
K. Comprehensive health insurance policies
L. Dental insurance
M. Fraudulent practices in medicare, disability insurance, and health insurance
N. Overlapping health insurance policies

X. Property Insurance

A. Risks of financial loss because of property ownership or property occupancy
B. Homemaker's and tenant's policies
   1. Forms
   2. Specific coverages
   3. Appropriate amounts of coverage
   4. Costs
   5. Policy provisions
C. Coinsurance provisions
D. Inflation and property insurance

XI. Automobile Insurance

A. Specific coverages and suggested amounts of coverages in automobile insurance
B. Costs of specific coverages in automobile insurance
C. What to do in case of an automobile accident
D. No-fault automobile insurance
E. Choosing automobile insurance companies and agents

XII. Social Insurance

A. OASDI
B. Disability
C. Unemployment
D. Worker's compensation
E. Medicare

XIII. Personal Liability Insurance

A. Separate policies
B. With property and automobile insurance

XIV. Current Issues and Problems

A. Funding of Social Security programs
B. Malpractice suits
C. Problems in reading policies
D. Problems of comparative shopping
E. Dealing with overaggressive sales personnel
F. Buying insurance by mail
G. Government intervention in insurance
H. Insurance records and your right to privacy
I. Equal access to health care by all
J. Taxation of insurance benefits
K. Cutting abuses in worker's compensation

Suggested Activities

Prepare a duplicate list of risks of financial losses and ask students to rate these risks in order of the severity of possible losses.

Invite a labor union member or official to discuss the insurance benefits that frequently are contained in union contracts.

Discuss the values of such fringe benefits for helping to make vocational choices.

Discuss the need to have protection for those who depend upon the breadwinner of a family, the partner

in a business, the employees in a firm, etc. Relate the need for protection to insurance, and relate the need for insurance to the attainment of life's goals.

Invite an employer to describe his/her company's retirement program and include:

a. who is covered,
b. how its benefits compare with Social Security,
c. who shares in the costs.

For each of the following situations, ask students to name the amount of reimbursements that should be received and relate this to the idea that insurance is designed to indemnify financial losses.

a. Total destruction of a $10,000 automobile
b. Theft of a $120 raincoat
c. $20,000 damage to a house
d. A $15,000 hospital bill
e. The death of a wage earner

Write to the commission of insurance for Illinois and ask for a description of the services rendered by the department and the regulations governing insurance companies in Illinois. Summarize the findings in an oral report.

Drill on definitions of insurance vocabulary by requiring designated class members to have definitions ready on certain days. Keep a list of these terms on the chalkboard and review definitions as necessary.

Discuss the ways, other than buying insurance, that an individual or a family might try to obtain protection against financial loss and determine if the added protection from insurance coverage is worth the cost of buying the insurance.

Invite a speaker from the Social Security Administration to explain the benefits and the eligibility requirements for survivors of a deceased breadwinner and for disabled workers. Ask that copies of "Your Social Security" be provided for each class member.

To determine the amounts of life insurance coverages needed upon the death of the breadwinner, prepare a planning worksheet that can be used for the specific class being taught.

Use life insurance charts (obtain copies of life insurance rate books from insurance agents) to compare rates for term, straight life, limited payment life, universal life, endowment and special policies; also compare rates for different companies.

Discuss the truth or falsity of the following statements:

a. "A person should buy life insurance as early in life as possible because the longer one waits, the more it will cost."

b. "A person should buy life insurance as early in life as possible because the young person has a better chance of passing the physical examination."

Prepare an oral report on variable life insurance or universal life insurance, discussing the advantages and disadvantages.

Invite a life insurance agent to come to class and interview some of the students to help them plan the types of life insurance coverages they may need.

Discuss the circumstances under which a family would be advised to purchase each type of life insurance policy.

Show on the overhead projector the following clauses in a life insurance policy:

a. Nonforfeiture options,
b. Dividend options,
c. Settlement options,
d. Grace period clause,
e. Waiver of premium rider,
f. Double indemnity rider.

Study a table of settlement options. Discuss the advantages and disadvantages of the various options offered.

Survey the local community and obtain list of insurance brokers who are permitted to sell life insurance for more than one company. Discuss the advantages of using an insurance broker, rather than an agent for one specific company.

Invite a life insurance agent to speak to the class on the various types of annuities and their uses in family financial planning.

Invite an insurance broker or an insurance supervisor for a business firm to calculate the rate of return, or the amount of increase, for the cash value portion of variable annuities that were purchased five to eight years ago. Compare the cash value with ordinary life insurance, with universal life insurance, and with a bank savings account.

Find actual health insurance policies or descriptive material about health insurance policies, and show on the overhead projector the coverages, limitations or restrictive clauses, and costs for the coverages.

Have students make a chart comparing the costs of various types of sickness and accident policies, including disability income, major medical, and comprehensive policies.

Compare costs and benefits of individual health insurance policies and group health insurance policies.

Prepare a report on the advantages and disadvantages of HMOs.

Prepare a survey to study how much people know about their own health care coverage.

Interview a company representative to find out the cost of health care costs to a business firm.

Select one member of the class to find out about the worker's compensation law in effect in Illinois, obtaining specific information about who is covered by the law and what benefits it provides.

Obtain copies of the students' school accident insurance policies and analyze them in terms of coverages and costs.

Bring to class some newspaper accounts of financial losses resulting from fire, theft, traffic accidents, etc. Discuss how those who suffered losses could have protected themselves against the losses.

Obtain copies of homeowner's and tenant's policies for students to analyze or show parts of the policies on the overhead projector for analysis purposes.

Invite a casualty insurance agent to the class to discuss coverages and costs for property and liability insurance.

Interview a real estate broker to obtain a number of examples of the changes in property values in the community. Discuss the effect of changing property values on insurance coverages and the need for frequent evaluation of property insurance.

Work several problems using the coinsurance factor found in property insurance policies.

Ask students to take an inventory of the personal property and the values of the property in one or more rooms of their homes. From a discussion of these lists, establish the need for keeping such an inventory.

Discuss the dollar amounts of coverage that most automobile owners should have. Use articles from consumer magazines or tables from textbooks or insurance companies to show the relationship between increased liability coverages and increased premiums.

Check with insurance companies to find out how much a premium on an automobile insurance policy would have to be increased if the insurance company paid for every bump, scratch, and dent without the use of a deductible clause. Discuss the amount of money that can be saved by purchasing insurance with a deductible clause.

Show on the overhead project or the actual policies of some of the students or their parents, and discuss the cost of coverages for automobile insurance with a deductible clause.

Survey several automobile insurance companies and make a comparison of the costs of the specific coverages from each of the companies.

Interview a member of the local police force to find out the specific steps that a person follows after an automobile accident.

Resources

* *Alliance.* Alliance of American Insurers, 1501 Woodfield Drive, Suite 400 West, Schaumburg, IL 60195-4980. Pamphlets of interest for teaching all forms of insurance.

* *"Auto Insurance—How it Works." Consumer Reports,* September, 1984. Explains rules of insurance buying and includes worksheets to make purchase comparisons.

* *CW Publications.* 1313 Fifth Avenue, Sterling, IL 61081. Insurance units and activities prepared by former consumer education teacher. Catalog available by writing, includes written material, A-V materials and computer software.

* *"Disability Income Insurance." Consumer Reports,* March, 1983. Includes worksheets and advice on planning disability insurance needs.

* *Insurance Facts: 1984-85 (or current year) Property/Casualty Fact Book.* Insurance Information Institute, 110 William Street, New York, NY 10038. Contains amount of insurance held by American consumers and businesses.

* *"Medicare Supplement Insurance." Consumer Reports,* June, 1984. Everything you wanted to know about Medicare coverage and its necessary supplements.

* *Personal & Family Financial Planning: Strategies for Teaching.* Education Services, American Council of Life Insurance, Health Insurance Association of America, 1850 K Street, NW, Washington, DC 20006. A complete discussion of financial planning (including forms of insurance). Includes many helpful worksheets.

* *Sharing the Risk.* Insurance Information Institute, Publications Service Center, 110 William Street, New York, NY 10038. Relatively low-cost ($6.95) book that is helpful for insurance teaching. Gives definitions, background, and insurance rationale. This organization also has a catalog of free materials and low-cost sound filmstrips and slide programs.

* *"Taking Coverage." Changing Times,* June, 1985. An up-to-date discussion on homeowners' insurance.

* *Teaching Topics.* American Council on Life Insurance and Health Insurance of America, 1850 K Street, NW, Washington, DC 20006. A useful newsletter that includes excellent background, teaching ideas and activities for life and health insurance. This organization also has a catalog of insurance publications (many of them free). These publications include pamphlets, sample insurance policies, and audio-visual materials.

* *The Facts on...*(auto insurance, homeowners' insurance, credit life insurance, and life insurance). National Credit Union Program, 5910 Mineral Point Road, P.O. Box 391, Madison, WI 53701 (telephone 608/238-5851). Useful pamphlets to be used for background content in insurance.

* *The Only Life Insurance Guide You'll Ever Need* by Andrew Tobias. Bantam Books, 666 5th Avenue, New York, NY 10019. A helpful guide to life insurance products sold on the market today.

* *"Two Cheers for HMOs." Money,* May, 1985. Asks some hard questions in comparing HMOs to traditional health insurance policies.

* *You and the Facts about Unemployment Insurance.* Division of Unemployment, Illinois Department of Labor, Chicago, Illinois 60605. A pamphlet that contains all the provisions of the unemployment insurance law in Illinois.

* *Your Social Security.* Available through local Social Security Administration Offices. Up-to-date pamphlet containing most of the key points concerning eligibility and benefits.

CONSUMER SERVICES

A substantial portion of take-home pay is spent on services, such as entertainment, recreation, and medical care. Government spending greatly increases the amount of the gross national product spent on services. For these reasons, it is important that students learn what services are and how buying them differs from buying products. For example, until recently price and quality comparisons were difficult and sometimes impossible to obtain (e.g. doctors, lawyers, funerals), and guides to performance were given little attention.

Effective consumer education also requires that a distinction be made between the purchase of services in the private, nonprofit-seeking sector of the economy and the public sector. Because of the role of governments, many of these services are unique in that there is often no direct relationship between the taxes paid and the services provided.

Objectives

After studying this unit, students should be able to:

- Recognize the importance of consumer services in the consumer's life;
- Distinguish between the purchase and use of services in contrast to products;
- Understand the difference between the public and private sectors in the purchase and use of services;
- Become aware of the wide variety of public services available to consumers;
- Use public services in a responsible fashion;
- Participate intelligently in activities designed to control and improve public and private services;
- Realize that government services are not free, but increase both taxes and regulations.

Outline of Content

I. The Importance of Services
   - A. Definition of services
     1. Uses labor and capital
     2. Produces no tangible product, e.g., haircut, bus ride, live music
   - B. Source of jobs
   - C. Stimulates economy
   - D. Satisfies needs and wants

II. Differences between Services and Products
   - A. Assumed good for people
     1. Required—education, vaccination, sewage
     2. Optional—doctor, lawyer
   - B. Restrictions on information about price and quality
     1. Limited advertising (doctors, lawyers, funerals)
     2. Price comparisons difficult or impossible
     3. Performance information—difficult to get or hidden or complex
   - C. Different payment (e.g. hospital) procedures
   - D. Restrictions on ability to bargain
     1. Price bargains not possible (telephone, gas, electric)
     2. Impossible *not* to buy (education, gas, roads)
   - E. Redress difficult—lengthy legal procedures

III. Services in the Private Sector
   - A. Personal care and grooming
   - B. Legal services
   - C. Food preparation
   - D. Household services
   - E. Entertainment, recreation, travel
   - F. Services discussed in other sections
     1. Medical care, drugs, cosmetics
     2. Banking, saving, and investing
     3. Insurance
     4. Automobile maintenance
     5. Recreation
     6. Clothing
     7. Housing
     8. Furnishings and equipment

IV. Services in the Public Sector
   - A. Available without (or with only a small) direct payment
     1. Education
     2. Legal aid, courts, jails
     3. Aid to families with dependent children
     4. Mental health care
     5. Playgrounds, beaches, golf courses, ice rinks, parks, football and baseball fields
     6. Museums
     7. Libraries
     8. Roads, airports, water routes, harbors
     9. Hospitals and clinics
     10. Camp grounds, fishing, hunting facilities
     11. Water and sewer systems
     12. Police and fire protection
     13. Defense
     14. Zoos
     15. Employment agencies
     16. Information
     17. Consumer protection
     18. Grants and subsidies of many kinds
     19. Protection against competition (e.g. imports)
     20. Labor law enforcement

B. Subsidized services—direct payments do not cover full costs
   1. How and when they are used and paid for
      a. Social Security
      b. Colleges
      c. Public transportation
         (1) Rail
         (2) Bus
         (3) Air
      d. Public housing
      e. Medicare-Medicaid

V. The Merging of Public and Private Services

A. Doctors and Medicaid
B. Law—private lawyer in public courts
C. Regulations—services and problems
   1. Office and factory health
   2. Pollution and health control vs. jobs
   3. Environment vs. energy
   4. Licensing and certification of service providers
D. The utilities—telephone, gas, electric
   1. Regulated
   2. Must provide service to all
   3. Few choices for consumer

VI. How to Buy and Use Services

A. Comparative shop where possible
B. Talk to users of services
C. Find and use information—medical, legal, funeral directors associations
D. Check complaints
   1. Better Business Bureau
   2. Professional associations
E. Problems in obtaining satisfactory services
   1. Poor training of personnel
   2. Mistakes and carelessness
   3. Discourteous treatment of customers or citizens
F. What can be done
   1. Know your rights—check laws, regulations
   2. Stop doing business
   3. Complain—write agency, commission, association
   4. Write to newspaper
   5. Pressure the politicians

VII. Trade-offs for More and Better Services

A. More taxes and regulations
B. Crime and juvenile delinquency prevention
C. Reduced unemployment
D. Improved education and opportunities
E. Increased housing availability
F. Increased and improved a transportation
G. Reduction of pollution
H. Increased equality—race, sex, age
I. Improved environment
J. Reduced economic inequality

VIII. The Responsible Use of Public Services

A. Vandalism
   1. Dollar costs
   2. Environment
B. Crime
   1. Dollar costs
   2. Effects on life in society
C. Waste—higher taxes, less for all
D. Behavior—If everyone acted badly (or well), what would happen

Suggested Activities

Have students assume the role of a protection agency. Have them respond to predetermined conflicts or complaints. May use role playing and videotape these situations.

Invite a representative of the following organizations to discuss (a) what services they offer; (b) how their services are paid for; (c) the proper way to use the services.

The park district
The sewer or water district
The public transportation system
The Legal Aid Association
Others—according to the interests of the class as developed in the telephone book project.

Look up the government office listings in the telephone book. Assign each student one local government agency to call and ask about the services it performs. Have the student report orally or in writing to either the class or the teacher. The same can be done for the state, the county, the township, or the city.

Have a student describe an incident or situation where someone was mistreated in getting or attempting to get a service. Use the discussion to illustrate how people providing services should be responsible and caring. Make sure the students understand how they should act when they provide services.

Discuss the proper use and misuse of public facilities—e.g. broken glass on a beach, park litter, music or smoking in a library or on a bus.

Discuss the role of public servants, e.g., police, welfare or tax officials, government employment services, social security, or post office employees. This discussion should raise questions about how people paid by taxes should treat other citizens and what can be done to improve the services offered.

Divide the students into groups of three or four. Assign each group one of the units previously studied, e.g., health services, drugs, cosmetics. Ask each group to make a list of all the services provided in that unit. Make sure only services, not products, are listed.

Have each student take one of the public services available and do a project (large or small) that might include:

A visit to the agency,
A report on how the agency is financed,
A report on what the people in the agency think they need,
A survey to determine if more or less services are needed,
A discussion of the quality of service the agency provides,
A discussion of any waste of money in the agency,
A cost-benefit analysis (for advanced students).

Assign students who like to take pictures to compose a photo essay of the work of a service agency.

Use college application forms as a basis for discussing the reasons for choice of a college, the costs of attending college, and how these costs will be paid.

Set up role playing using four groups of students to debate issues about government services from the points of view of (1) the average taxpayer who sees little personal benefit from the service, (2) the people who use the service, (3) the government employees who administer the service, and (4) the politician who votes on the service.

Have the students write an essay on one of the following subjects: "A County (or City or Country) Without Taxes," or "The Day Freedom Came—ALL the Laws and Regulations about Driving Ended."

Resources

* *Consumer Information Catalog.* Consumer Information Center, Pueblo, CO 81009.

* *Consumer's Resource Handbook.* United States Office of Consumer Affairs, Washington, DC 20557.

* *Domestic Relations.* Illinois State Bar Association, Illinois Bar Center, Springfield, IL 62701. This booklet answers a number of commonly asked questions regarding dissolution of marriage (divorce).

□ *Give and Take.* Agency for Instructional Television/Joint Council on Economic Education/Canadian Foundation on Economic Education. Color. 1982. Videotapes and Teacher's Guide are available from the Illinois State Board of Education, 100 North First Street, Springfield, IL 62777 or the Illinois Council on Economic Education, Northern Illinois University, DeKalb, IL 60115. A videotape series on topics and concepts in personal economics for use in grades eight through ten. It consists of twelve 15-minute programs for use in consumer education, economics, business education, home economics, social studies, and other classes in which materials on personal economics is presented. (See especially films #7 and 8, on government spending and taxes.)

* *How a Lawyer Computes Fees.* Illinois State Bar Association, Illinois Bar Center, Springfield, IL 62701. The brochure focuses on legal fees.

* *How to Choose and Use a Lawyer.* U.S. Office of Consumer Affairs and Consumer Information Center, General Services Administration, Pueblo, CO 81009. This publication discusses selection of a lawyer or other legal service and professional fees. Included are hints on working with the lawyer and settling disputes with the attorney.

* *Lawyers Title Home Buying Guide.* Lawyers Title Insurance Corporation, P.O. Box 27567, Richmond, VA 23261. A paperback book that discusses the home buying process including the decision to purchase, selection of an appropriate home, working with realtors and developers, financing, and closing. A glossary of real estate terms is provided.

□ *Tax Whys: Understanding Taxes.* Agency for Instructional Television/Joint Council on Economic Education/Internal Revenue Service. Color. 1984. Videotapes and Teacher's Guide are available from the Illinois State Board of Education, 100 North First Street, Springfield, IL 62777 or Illinois Council on Economic Education, Northern Illinois University, DeKalb, IL 60115. A videotape series of six 15-minute programs that help high school students understand how taxation influences decisions they make and how it affects people of all ages, occupations and social levels. (See especially film #1 entitled "Taxes Raise Revenue.")

HOUSING

Effective use of the consumer's housing dollar to achieve the greatest satisfaction involves more than just securing a place to live. Today's consumer must be aware of housing needs, housing alternatives and costs, and legal responsibilities within a dynamic economic and social environment. Consumers must develop skills necessary to understand the housing marketplace, its fluctuations, demands, and alternatives.

Objectives

After studying this unit, students will be able to:

Recognize family and individual needs served by housing;

Evaluate important factors in the choice of appropriate housing;

Identify alternatives available in housing;

Compare homeownership and renting options;

Calculate costs associated with various housing choices;

Comprehend the process of purchasing a home;

Evaluate sources and types of home financing;

Recognize legal implications of housing choices;

Discuss social and economic environmental issues that influence household housing decisions.

Outline of Content

I. Needs Served by Housing

- A. Shelter
- B. Safety
- C. Social interaction
- D. Psychological
- E. Financial
- F. Privacy

II. Considerations in Choice of Appropriate Housing

- A. Family and individual characteristics
  1. Goals, needs, and values
  2. Stage of family life cycle
  3. Family size
  4. Family activities and interests
  5. Mobility
  6. Employment
  7. Life style
  8. Family resources
     - a. Money
     - b. Time
     - c. Skills
- B. Housing characteristics
  1. Style
  2. Floor Plan
  3. Space within and around the house
  4. Convenience
  5. Maintenance and improvement requirements
  6. Supply and demand for housing
  7. Energy requirements
  8. Geographic preferences
     - a. urban, suburban, rural
     - b. region of the nation
  9. Noise and pollution factors
  10. Local covenants
  11. Quality of construction
- C. Community facilities and services
  1. Libraries
  2. Schools
  3. Shopping areas
  4. Parks, recreational facilities, and play areas
  5. Fire and police protection
  6. Public transportation
  7. Public utilities
  8. Future city planning and development
  9. Local zoning restrictions

III. Housing Alternatives — Pros and Cons

- A. Single-family dwellings
- B. Multiple-family dwellings
  1. Apartments
  2. Duplexes
  3. Condominiums
  4. Cooperatives
  5. Row or town houses
- C. Mobile homes
- D. Public-financed housing
- E. Retirement communities
- F. New construction vs. existing housing

IV. Comparing Homeownership and Renting—Pros and Cons

- A. Mobility
  1. Speed
  2. Cost
  3. Complications
- B. Maintenance responsibilities and costs
- C. Capital outlay for downpayment
- D. Investment considerations
- E. Tax considerations
- F. Privacy
- G. Freedom of choice in use and decoration
- H. Inflation

V. Costs of Homeownership and Renting

- A. Renting costs
  1. Rent
  2. Utilities and operating costs
  3. Initial deposits

B. Ownership costs
   1. Mortgage payment (principal and interest)
   2. Property taxes
   3. Homeowners' insurance
   4. Maintenance
   5. Utilities and operating costs
   6. Opportunity cost of lost interest on downpayment
   7. Special assessments
   8. Initial costs
      a. Downpayment
      b. Closing costs

C. Ownership benefits
   1. Increase in equity (annual principal payment)
   2. Appreciation in value
   3. Tax savings
      a. Mortgage interest deduction
      b. Property tax deduction
      c. Capital gains advantages

VI. Locating Available Housing
   A. Classified ads
   B. Private sources
   C. Public agencies
   D. Private brokers or realtors

VII. The Process of Buying a Home

   A. Determination of price range
      1. "Rules of thumb"
      2. Downpayment required
      3. Insurance and tax costs
      4. "Creative" ways to afford a house
         a. Adjust expectations
         b. "No frills"
         c. Sweat equity
   B. Professional assistance
      1. Realtor or broker
      2. Appraiser
      3. Attorney
      4. Inspector
   C. Evaluation of homes and final selection
   D. Offer bid, negotiations, acceptance of bid
   E. Secure a mortgage loan
   F. Title search and insurance
   G. Closing procedures and costs (points)
   H. Possession of the home and moving

VIII. Methods and Sources of Financing Homeownership

   A. Loan application process
   B. Sources of financing
      1. Commercial banks
      2. Savings and loan associations
      3. Government-insured loans
      4. Government subsidy programs
      5. Seller financing
      6. Assuming an existing mortgage
      7. Friends and relatives
      8. Buying on contract

C. Types of mortgages—pros and cons
   1. Fixed-rate and payment
   2. Adjustable-rate
   3. Growing equity
   4. Graduated payment
   5. Rollover
   6. Shared-appreciation
   7. Reverse-annuity
   8. "Creative financing" and "teaser" mortgages

D. Determinants of monthly payment and interest paid over the term of the mortgage
   1. Amount borrowed
   2. Interest rate
   3. Length of loan

E. Other costs of a mortgage loan
   1. Additional fees and charges
   2. Provisions for late payments
   3. Pre-payment penalty
   4. Refinancing

IX. Legal Aspects of Ownership and Renting

   A. Conditional sales contracts
   B. Mortgage contracts
   C. Promissory notes
   D. Title insurance
   E. Second mortgage
   F. Deeds
   G. Leases
   H. Covenants
   I. Breakage fees
   J. Subletting
   K. Liability and insurance

X. Real Estate as an Investment

   A. Selection factors
   B. Land sales contracts
   C. Property reports
   D. Interstate land sales
   E. Land frauds
   F. Development communities
   G. Timesharing

XI. Issues in Housing

   A. Warranties
   B. Home equity loans
   C. Housing for the elderly
   D. The home as part of the retirement plan
   E. Zoning
   F. State and local legislation
   G. Community planning
   H. Public housing projects
   I. Redlining
   J. Discrimination in housing
   K. Energy conservation
   L. Federal government tax policy

Suggested Activities

Survey the class to determine (1) the types of housing currently occupied by students; (2) the length of time they have resided there; (3) the types of housing units students have occupied; (4) the number of times students have moved; and (5) the students' personal preferences. Chart the information obtained.

Interview adults in the community regarding reasons for selection of their present type of housing.

Arrange a panel discussion of several individuals or couples who have recently moved into the community. Ask them to relate their experiences concerning housing selection and problems encountered.

Discuss the residential cycle including the relationship between housing needs and stage of the family life cycle.

Survey the community for the number of types of housing, location within the community, and approximate cost for renting and buying.

Divide the class into small groups and have each group investigate initial and continuing costs of housing options.

Compare total costs for renting and buying various types of housing. Cost information might be obtained through want ads and interviews with realtors and homeowners.

Conduct a field trip to a house, apartment, or condominium to evaluate a floor plan, or use a computer program to evaluate floor plans.

Debate the advantages and disadvantages of renting and buying.

Can the "average" family afford the "average" house? Research median income and median housing prices and compare with the "rules of thumb" guidelines for affordability.

Invite an officer of a bank or savings and loan association to discuss types of mortgages and the loan approval process.

Present a symposium on home financing with each student representing the views and policies of a source of home financing available within the community.

Compare commercial versus government-insured home financing with regard to availability, interest rates, building requirements, advantages, and disadvantages.

Invite a local attorney to discuss the legal responsibilities of the homeowner and renter.

Role play common problems of landlords and tenants.

Study local building codes and provisions for their enforcement. Invite contractors, trade union and local government officials to discuss the validity of existing statutes.

Interview the city planning commission, building inspectors, local government personnel, and zoning commission to determine housing policy procedures and issues.

Research and report on the local building codes and zoning laws. Use the material from this report for a debate on the relative merits of zoning laws and building codes.

Invite the industrial education teacher to show the class the various steps in building a housing unit.

Conduct field trips to observe a variety of home construction techniques and discuss initial and continuing costs of each.

Invite local contractors and developers to discuss their views on construction methods and costs as each affects the total price and the financing of the housing unit.

Videotape a variety of homes under construction and discuss the videotape in class.

Select several common home repairs to determine the costs when (1) using professionally trained personnel for repairs, (2) trying to do-it-yourself, and (3) employing an unskilled person. Discuss situations when each course of action would be appropriate.

Conduct a walking field trip through a neighborhood to observe how the local community is observing good ecological practices.

Resources

* *Buying a Home.* Illinois Bar Association, Illinois Bar Center, Springfield, IL 62701. A concise discussion of legal aspects of purchase of a home or condominium. This pamphlet is part of the "Consumer Law" series.

* *Buying a Home? Don't Forget the Settlement Costs!* Office of Public Affairs, U.S. Department of Housing and Urban Development, Washington, DC 20410. A comprehensive list of questions and answers about settlement costs including definitions and procedures.

* *Consumer Handbook on Adjustable-Rate Mortgages.* Federal Reserve Board and Federal Home Loan Mortgage Corporation, 1776 G Street, NW, Washington, DC 20013. A guide to

understanding the basic features, advantages and risks, and terminology associated with adjustable-rate mortgages.

* *Fannie Mae's Consumer Guide to Adjustable-Rate Mortgages.* Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016. Adjustable-rate mortgages are defined and discussed, including potential consumer pitfalls. The pamphlet also provides a glossary and mortgage checklist.

* *Home Buyer's Vocabulary.* U.S. Department of Housing and Urban Development, Washington, DC 20410. A comprehensive list of words and terms used in real estate transactions including cross-references of terms within the pamphlet.

* *Illinois Homeowners' Handbook on Home Repair.* Illinois Attorney General, 500 South Second Street, Springfield, IL 62706. This guide provides assistance in selecting home repair services and avoiding frauds.

* *Landlord-Tenant.* Illinois State Bar Association, Illinois Bar Center, Springfield, IL 62701. This brochure describes a lease, subletting, remedies of a tenant, security deposits and other related topics. This pamphlet is part of the "Consumer Law" series.

* *Lawyers Title Home Buying Guide.* Lawyers Title Insurance Corporation, P.O. Box 27567, Richmond, VA 23261. A paperback book that discusses the home buying process including the decision to purchase, selection of an appropriate home, working with realtors and developers, financing, and closing. A glossary of real estate terms is provided.

* *Low Cost No Cost.* U.S. Department of Energy, Washington, D.C. 20585. This publication includes inexpensive suggestions for energy conservation in the home that can be easily implemented by the homeowner.

* *Microcomputer Applications in Vocational Education: Home Economics.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, Illinois 61455. The microcomputer programs on housing options and home loan analysis are appropriate in the housing unit.

* *More for Your Money. . .Home Energy Savings.* Energy Information Clearinghouse, Illinois Institute of Natural Resources, 325 W. Adams Street, Springfield, IL 62706. A comprehensive guide to energy conservation methods for existing and new construction.

* *Questions about Condominiums.* U.S. Department of Housing and Urban Development, Washington, DC 20410. The purpose of this booklet is to inform possible purchasers and others interested in the condominium concept. Both positive and negative aspects are included.

* *Selecting and Financing a Home.* U.S. Department of Agriculture, Washington, DC 20250. Brief comparison of renting with buying; how to figure what you can afford; how to apply for a loan; what to look for in homeowner's insurance.

* *Ten Timeshare Tips.* Federal Trade Commission, Washington, DC 20580. this one-page information sheet discusses types of timesharing plans and presents points to consider before purchasing a timeshare.

* *The Mortgage Money Guide.* Federal Trade Commission, Washington, DC 20580. The many types of home financing options are defined and compared. Also included are helpful graphics and payment tables.

* *When You Move—Your Rights and Responsibilities.* Interstate Commerce Commission, Washington, DC 20423. A guide to your rights and responsibilities as a shipper of household goods including estimates, inventory, charges, payments, and filing for claims.

* *Wise Home Buying.* U.S. Department of Housing and Urban Development, Washington, DC 20410. This pamphlet discusses the process of home buying including shopping for a house, inspecting your selection, financing and purchasing, and ownership.

* *Wise Rental Practices.* U.S. Department of Housing and Urban Development, Washington, DC 20410. The publication addresses basic issues in locating appropriate rental housing including shopping for rental housing, locating, making a selection, problems one might encounter, and rights and responsibilities.

* *Your Housing Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. This publication deals with the housing decision in breadth and depth.

* *Your Housing Rights.* U.S. Department of Housing and Urban Development, Washington, DC 20410. This pamphlet describes the individual's civil rights in the housing marketplace and procedures for filing complaints.

FOOD

Today's consumers regularly spend a substantial portion of their income on food purchases. The wise use of the dollar is dependent upon the consumer's ability to evaluate available products and to plan food purchases. The consumer's ability to recognize and control the factors which affect choice making will result in wiser use of the consumer's income and will achieve greater health benefits for the individual and family.

Objectives

After studying this unit, students should be able to:

- develop an understanding of the factors affecting food purchases and prices;
- understand the effects of group action on food purchases;
- evaluate the services and merchandising practices of the retail food outlet;
- understand and use food packaging, processing, grading, and labels as buying guides;
- identify sources of consumer information and protection;
- utilize available resources and management skills in spending the food dollar to achieve maximum satisfaction;
- develop an awareness of the values and benefits in preplanning, purchasing, and preparing food toward balanced, nutritious meals.

Outline of Content

I. Factors Influencing Family Spending for Food

- A. Values, goals, and standards
- B. Number, age, and sex of family members
- C. Cultural, social, and ethnic heritage
- D. Buying habits and eating patterns
- E. Equipment and storage availability
- F. Knowledge of food preparation skills
- G. Available resources
- H. Family life style
- I. Employment and recreational needs
- J. Nutritional requirements
- K. Food stamps
- L. Regional geographical environment
- M. Special diets

II. Effects of Group Action on Food Purchases

- A. Boycotts
- B. Farmers' unions
- C. Work stoppages and slowdowns

III. Establishing Wise Buying Habits

- A. Home-prepared foods
- B. Preparing shopping lists
- C. Utilizing informational advertising
- D. Use of appropriate package sizes and types
- E. Preplanning menus
  1. Nutritional requirements
  2. Proper food preparation
  3. Use of appropriate food forms
     a. Fresh
     b. Frozen
     c. Seasonal
     d. Convenience
  4. Food preservation
- F. Unit pricing
- G. Universal product code
- H. Metric conversion
- I. Reading labels
  1. Grading
  2. Food terminology
- J. Chain and national, and generic brands
- K. Open dating

IV. Alternatives to Home-Prepared Foods

- A. Restaurants
  1. Fast-food, family-style, gourmet
  2. Quality of food
  3. Cost
  4. Nutrition
  5. Sanitation requirements
- B. Convenience foods

V. Evaluating Issues and Utilizing Changes Taking Place in the Food Industry

- A. Convenience, synthetic, and natural foods
  1. Cost
  2. Nutrition
  3. Safety
  4. Health requirements
- B. Food additives
- C. New processing and packaging
- D. Electronic checkout
- E. Government action affecting foods
  1. GRAS list
  2. Research
  3. Nutritional labeling

VI. Evaluating the Retail Food Outlet

- A. Motivational and social influences on the consumer
  1. Advertising for children
  2. Supermarket strategy
     - a. Lighting
     - b. Music
     - c. Food placement
  3. Imported food items
- B. Elements affecting food pricing
- C. Sources of food purchases
- D. Merchandising practices
- E. Auxiliary services

VII. Alternatives to Retail Food Outlets

- A. Farmers' markets
- B. Co-ops
- C. Home gardening

VIII. Informing and Protecting the Food Consumer

- A. Publications
- B. Government agencies
  1. Federal Trade Commission
  2. Food and Drug Administration
  3. U.S. Department of Agriculture
  4. Illinois Department of Agriculture
  5. Illinois Department of Public Health
  6. County Extension Agent
  7. County Welfare Agencies
- C. Legislation
  1. Wholesome Meat Act
  2. Fair Packaging and Labeling Act
  3. Food, Drug, and Cosmetic Act
  4. Federal Hazardous Substances Act
- D. Ecology

Suggested Activities

Draw and compare or analyze a sketch of the layout of a supermarket.

Survey the typical diets of the class by having each student keep a record of all the food consumed for a period of time. From this information, compile a typical teen diet. Discuss the influences on teenage eating habits.

Using the typical diet, determine if the young consumer is observing good nutritional habits. Discuss how the human body might be affected if these diets are continued over a period of years.

Plan a menu for one week to determine (1) the cost if all meals were eaten in a restaurant, (2) the cost if all meals were prepared at home using convenience foods, and (3) the cost if all meals were prepared at home with no convenience foods.

Collect advertisements from various retail food outlets to ascertain (1) the amount of factual information given, (2) the motivational influences used, and (3) the percentage of valid sale items.

Chart the flow of food from the farmer to the consumer. Discuss how the steps and changes that take place in the food affect the final cost to the consumer. Invite an agriculture teacher or county extension agent to tell the farmer's side of food pricing. Invite a supermarket manager to tell the retailer's side of food pricing.

Discuss the effects on food supplies and food prices of such group actions as boycotts, farmers' unions, work stoppages, and work slowdowns in food distribution. Debate the merits and the shortcomings of such actions.

Using either a panel or a symposium composed of the county extension agent, a consumer, a retail food owner, and a student, discuss how the consumer is being informed and aided in purchasing food products.

Using one food item, prepare a display of all the ways this food might be packaged and sold, e.g. fresh, frozen, canned, dried, etc. Relate preparation and processing methods to the ultimate use of the food item.

Make a collage of labels and conduct a comparison study of the information contained on them. Call attention to the contrast between food product labels for pets and labels on food products for human consumption.

Discuss the relative merits of the food stamp program versus commodity foods and the requirements for participating in each.

Make a collection of food containers to ascertain how the Fair Packaging and Labeling Act is being implemented.

Arrange a panel discussion of the advantages and disadvantages of organic foods.

Develop a consumer information center containing information collected from various agencies and organizations.

Have the class prepare a newspaper column to keep the students informed about current legislation, consumer problems, and agencies which will aid the consumer.

Prepare exhibits, posters, display cases, skits, and programs to alert the consumer about the importance of observing good ecology principles.

Discuss the pros and cons of unit pricing.

Plan a field trip to a variety of food outlets to investigate the (1) advantages and disadvantages of one-stop shopping and its effect on the food dollar, (2) information on brand and store labels and their use, (3) variety of synthetic and convenience foods currently on the market and their use, and (4) comparative costs of samples in various stores.

Resources

* *Consumers Right to Know.* Kraft, Inc. Kraft Ct., Glenview, IL 60025.

☆ *Daily Menu Analyzer.* Orange Juice Software Systems, 222 South Washington Avenue, New Richmond, WI 54017. Computer program that allows the student to readily choose foods that meet the body's nutritional needs.

* *Jumping Jack Flash.* Dietary Data Analysis, P.O. Box 26, Hamburg, NJ 07419. Analyzes the exercise one does to determine the amount of energy used.

* *Nutrition—A Balanced Diet.* Educational Materials and Equipment Company, P.O. Box 17, Pelham, NY 10803. Allows students to evaluate the nutritional quality of their diets and to explore the nutritional values of foods to correct any dietary imbalances.

□ *Read the Label, Set a Better Table.* Modern Talking Pictures, 1687 Elmhurst Road, Elk Grove Village, IL 60007.

* *U.S. Food and Drug Law: How It Came, How It Works.* U.S. Departments of Health and Welfare, and Food and Drug Administration, Washington, DC 20201. A brief pamphlet describing the protection given the consumer by the FDA.

* *You Are What You Eat.* Dietary Data Analysis, P.O. Box 26, Hamburg, NJ 07419. Program designed to teach students about their diet and the foods they eat. Nutritional analysis of a meal or an entire day's diet.

□ *Your Food Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. This pamphlet and its accompanying filmstrip, *Food Dollars and Sense*, illustrates ways to use the food dollar to obtain greater satisfaction.

* *Your Money's Worth in Foods.* United States Department of Agriculture, Washington, DC 20201.

NET Centers. There are three Nutrition Education and Training Centers in Illinois. They can provide inservice programs, mini-grants to schools for nutrition education, workshops, nutrition education resources, loan libraries, and newsletters. If you would like to use any of these free services, write or call:

Jeanette Heinisch
Northwestern Illinois Association
245 West Exchange
Sycamore, IL 60178
815/895-9227

Cindy Laegeler
Area 2 Nutrition Education and Training Center
2240 East Geddes
Decatur, IL 62526
217/424-3412

Janis Taake
Southern Illinois Educational Service Center
306 East Church Street
Benton, IL 62812
618/439-7246 or 7247

TRANSPORTATION

Every day, millions of people use several different modes of transportation. They take busses to school or to their places of work, or they use cars, trains, subways, and other modes of travel. Transportation is used for shopping and recreation. One of the consumer's greatest expenses in both money and time is the purchase and use of transportation.

Costs of transportation have risen, and several different modes have been developed to meet the needs of our society. To make the best choice in the purchase and use of transportation, a consumer must understand how to evaluate the need for transportation, how to select appropriate modes, and how to provide for the finances needed in obtaining transportation. In particular, a consumer needs to understand the problems involved in the selection of an automobile and in its maintenance and operation.

As transportation facilities have grown, many social problems have arisen. Problems of land use, pollution, and congestion must be weighed against the benefits of various transportation systems. Because these are social problems, today's consumers must also develop the knowledge to promote the wise use and extension of all forms of transportation.

Objectives

After studying this unit, students should be able to:

- identify the alternative means of transportation which are available;
- determine the relative advantages and disadvantages of the different transportation modes;
- determine need for transportation on the basis of such factors as usage patterns, operation costs, maintenance costs, and storage fees;
- develop an understanding of the relative costs of different transportation modes, including taxes and subsides;
- understand how to evaluate different modes of transportation with regard to financing, insurance, safety, convenience, maintenance, and energy use;
- be aware of the various social costs of transportation, i.e., pollution, depletion of resources, congestion;
- recognize the importance of counting a person's time, safety, and comfort as costs of alternative transportation modes;
- recognize that a large portion of income is used for the purchase and use of an automobile;
- recognize the care needed in the efficient and economic operation of an automobile;
- understand that as much care should be taken in shopping for automobile financing as is taken in the shopping for the car itself.

Outline of Content

I. Transportation as a System

- A. Provides freedom in regard to living, working, shopping
- B. Increases economic activities
- C. Provides for efficient distribution of goods and services

II. Interdependence of Transportation Systems

- A. Competition
  1. Network of highways, streets, alleys
  2. Railroads
  3. Subways
  4. Airlines
- B. Policies that favor one might hurt others, e.g., free streets, subsidies to public tolls

III. Individual Needs for Transportation

- A. Travel
  1. School
  2. To shop
  3. To work
  4. For recreation
- B. Needs related to financial resources
- C. Physical limitations
- D. Time available
- E. Type of travel related to type of transportation

IV. Advantages and Disadvantages of Major Forms of Transportation Available

- A. Rail
- B. Bus
- C. Air
- D. Mass transit
- E. Cycles
- F. Walking

V. Cost Considerations in Transportation Decisions

- A. Explicit costs
  1. Fixed costs
     a. Depreciation
     b. Lost interest on capital invested
  2. Variable costs

B. Implicit costs
   1. Social costs
   2. Subsidies
C. All-inclusive costs—all costs associated with choice of transportation

VI. Non-economic Factors in the Selection of Transportation Modes

A. Freedom of scheduling
B. Value of time
C. Style
D. Status
E. Comfort
F. Convenience
G. Reliability
H. Flexibility
I. Service
J. Safety
K. Availability
L. Privacy

VII. Selection, Purchase, and Ownership of an Automobile

A. The selection process
   1. Needed for what purpose
   2. Performance standards
   3. Testing agencies
   4. Pricing and price comparisons
      a. Auto brokers
      b. Buying clubs
      c. Fleet discounts
   5. New vs. used
      a. Repair costs
      b. Parts availability
   6. Energy consumption
B. The payment source
   1. Dealer-supplied financing
   2. Personal-loan financing
   3. Bank
   4. Credit union
   5. Leasing
C. The responsibilities and requirements for ownership
   1. Title
   2. License
   3. Insurance (see section on Insurance)
   4. Maintenance
   5. Safe use
   6. Others
      a. Odometer protection
      b. Minimum tread law
      c. Seat belts/air bags

VIII. Alternatives to Transportation

A. Conference calls
B. Picture-phone
C. At-home computerized newspapers, mail, schooling

Suggested Activities

List different destinations for a vacation on 10 or 15 different cards. Divide the class into groups of four or five. Each group draws a card and plans a vacation, including costs of different ways to get there, the least expensive time to travel, and a comparison of cost and benefits.

Check to see if the public transportation system is running on time by getting schedules and assigning students an hour or two of checking. Keep records. Send the records to the transportation system office and request an interview to discuss ways of improving the system.

Get a resource person to talk to the class about safety and the consequences of accidents with motorbikes, bicycles, and automobiles.

Make a survey of the transportation modes in the area and the approximate percentage of the population using each type of transportation.

Develop a form for comparing the total cost of one type of transportation to the total cost of another type of transportation.

Obtain rates for various types of transportation for a trip from one large city to another and select the appropriate means of transportation which would give a family the best use of their dollar.

Prepare a bulletin board depicting the various economic advantages and disadvantages of alternative means of transportation.

Obtain from community financial sources the specific costs of financing varying types of transportation and report the results to the class.

List the advantages and disadvantages of purchasing new or used cars or motorcycles.

Visit a travel agent and discuss the various rates charged for different means of transportation and report back to the class on the costs.

Have an official of the local cab company talk to the class about the operation of the cab company and how they figure the cost of operating cabs.

Interview a local service station manager and discuss the costs of maintaining an automobile and the specific care which is needed to get the most out of the money spent for service and repairs.

Divide into groups and discuss situations in which the car, plane, bus, train, or cycle would or would not be the form of transportation which would provide maximum satisfaction for the consumer's transportation dollar.

Ask a local insurance person to discuss the insurance costs for various types of transportation and the protection a consumer should have with each type.

Ask students to pretend they are operating the family car as a taxi for the exclusive use of the family. Determine how much would have to be charged per mile to cover all costs. Be sure to include all costs such as implicit costs (driving time, depreciation, lost interest on capital invested, or interest on installments) and out-of-pocket costs (repairs, insurance, licensing, personal property tax, gas, and oil). How could this method be used on other means of transportation? Of what value is this method in helping make choices as to what to buy? Why do business representatives go through a similar process?

Ask an automobile dealer to give estimates of the following costs for the average car: gas and oil, license plates, adequate liability insurance—including medical payments and comprehensive insurance coverage for an individual under 25 years of age, the amount a new car depreciates in two years, the amount of depreciation for a used car (two years old when purchased) that is kept for two years, finance charge for a loan, the amount of sales taxes.

From an automobile repair service or service station, find the cost of replacing the following (including installation) on the average car: battery, shock absorbers (front and rear), new brakes, generator, tune-up (including spark plugs, oil change, etc.), muffler and tail pipe, and tires (set of four).

Resources

Information on current materials about airlines.

* Director, Office of Consumer Affairs
Civil Aeronautics Board
1825 Connecticut Avenue, N.W.
Washington, DC 20428

  Information on current federal government publications related to transportation.

* Director, Office of Consumer Affairs
Department of Transportation
400 Seventh Street, S.W.
Washington, DC 20590

  Information on current materials about motor vehicles.

* *National Highway Traffic Safety Administration*
Office of Consumer Affairs
400 Seventh Street, S.W.
Washington, DC 20590

* *Basic Skills in Getting Around.* Cebco Standard Publishing, Nine Kulick Road, Fairfield, NJ 07006. Activity masters on major forms of transportation available.

* *Car Purchase and Maintenance.* Pendulum Press, Inc., The Academic Building, Saw Mill Road, West Haven, CT 06516.

* *Common Sense in Buying a New Car.* Office of Consumer and Public Affairs, U.S. Department of Education, Washington, DC 20590.

* *Common Sense in Buying a Safe Used Car.* Office of Consumer and Public Affairs, U.S. Department of Education, Washington, DC 20590.

* *Consumer Facts on Air Fares.* Civil Aeronautics Board, Washington, DC 20498.

* *Consumer Guide to International Air Travel.* Civil Aeronautics Board, Washington, DC 20498.

* *Consumer Power: Classroom Strategies for Consumer Education.* Scott Foresman and Company, 1900 East Lake Avenue, Glenview, IL 60025. Includes information on purchasing a car.

* *Consumer's Guide to Air Charters.* Civil Aeronautics Board, Washington, DC 20498.

* *Edmund Publications Corporation,* 295 Northern Boulevard, Great Neck, NY, 11021. Publishes the *Edmund's Car Price Guides* nine times a year as follows: used car editions, four times a year in January, April, July, and October; new car editions, three times a year in February, June, and November; foreign car editions, two times a year in April and August. These publications are available at most newsstands or libraries.

* *Federal Highway Administration,* 400 Seventh Street, S.W., Washington, DC 20590. This agency issues publications on costs of owning and operating an automobile. The statistics are updated frequently.

* *Financing a Car.* Unigraph Products, P.O. Box 24287, Seattle, WA 98124.

* *People and the City—Getting Around.* Scott, Foresman, and Company, 1900 East Lake Avenue, Glenview, IL 60025. A supplementary text on transportation as a system, major forms of transportation, and the interdependence of transportation systems.

* *Red Book, Official Used Car Market Values.* National Market Reports, Inc., 900 South Wabash Avenue, Chicago, IL 60605. This publication gives the current market values of the most common used cars. A similar publication is available for new cars.

* *Transportation Trade-Offs Simulation.* The Illinois Consumer Educator, 1129 Dell Road, Northbrook, IL 60062. A consumer education mini-unit on trade-offs in our transportation system.

* *Travel and Transportation.* ESP, Inc., 1204 East Johnson, Jonesboro, AR 72401. Activity masters on major forms of transportation and the interdependence and trade-offs of transportation systems.

□ *Wheels, Deals and You.* Money Management Institute, Household Finance Corporation, 2700 Sanders Road, Prospect Heights, IL 60070. A filmstrip kit which includes cassette, ditto masters, teachers' guide and script for teaching about transportation as a system and the selection, purchase, and cost of operating an automobile.

* *Your Automobile Dollar.* Money Management Institute, Household Finance Corporation, 2700 Sanders Road, Prospect Heights, IL 60070. A useable study unit on buying and operating an automobile.

CLOTHING

Society places great emphasis on individual self-expression and the satisfaction of individual needs and wants. It is of great importance to young people that they be accepted by their peers, and the choice of the right clothing is frequently seen by the young as a major factor in this acceptance. In the marketplace, and especially in the clothing store, this trend is reflected in an accent on style.

Most young people select their own clothes. Students need training in the principles of good purchasing. If the principles of planned buying and decision making are learned during the early years, students will have a solid background to support them in dealing with the multitude of styles, the pressures of family and peer group, and their own changing tastes as they grow toward maturity.

Objectives

After studying this unit, students should be able to:

- Understand the influences on the consumer in the clothing marketplace;
- Explore resources and possible alternate solutions in meeting family and personal clothing needs;
- Develop the ability to identify and analyze their personal values and needs in relation to the clothing they wear;
- Develop the ability to plan, select, and finance a wardrobe that will meet their individual needs;
- Realize that clothing can be functional and attractive and still be in fashion;
- Appreciate the importance of proper care and repair of their clothing, both for appearance and to help stretch clothing money;
- Understand how to judge quality of clothing by paying attention to construction, fabric, finishes, and design;
- Evaluate price values at seasonal or specially advertised sales in order to know when price should be a factor in purchasing;
- Become familiar with consumer information sources in order to keep informed and develop better purchasing practices.

Outline of Content

I. Wardrobe Planning
   - A. Inventory
   - B. Individual needs and wants
   - C. Values and goals
   - D. Stretching available income
   - E. Other resources
     1. sewing skills
     2. gifts
     3. Recycling clothing
   - F. Appropriate dress

II. Clothing Selection
   - A. Principles of design
     1. Line
     2. Color
     3. Texture
     4. Fads
     5. Accessories
   - B. Fiber, fabric construction, finishes
     1. Natural
     2. Synthetic
     3. Woven
     4. Thread count
     5. Knit
     6. Felting
     7. Bonding
     8. Laminating
     9. Colorfastness
     10. Special finishes
   - C. Psychological and social values
     1. Dress of peers
     2. Social status
     3. Dressing for job
     4. Mobility

III. Purchasing Practices
   - A. Factors determining price
     1. Quality of construction
     2. Fiber content
     3. Construction detail
     4. Quality of fabric and finish
     5. Seasons—special holidays, special sale days
     6. Store differences
        - a. Department
        - b. Speciality
        - c. Factory outlet
        - d. Chain, discount shopping center
        - e. Services offered—sales help, self-help
        - f. Parking, returns, etc.
        - g. Geographic location
        - h. Supply and demand
        - i. Off-price retail
        - j. Resale shops
     7. Shop security

B. Comparative Costs
   1. Buying ready-made
   2. Making some or all of your own clothing
C. Knowledge of sizes
   1. Customary sizing
   2. Metric sizing
D. Method of payment
   1. Cash
   2. Credit
E. Use of buying aids
   1. Brand names
   2 Trademarks—counterfeiting
   3. Hangtags
   4. Labels
   5. Guarantees
   6. Advertisements
   7. Catalogs
   8. Consumer publications

IV. Consumer Legislation and Sources of Information

A. Wool Products Labeling Act
B. Fur Products Labeling Act
C. Flammable Fabrics Labeling Act
D. Textile Fiber Products Identification Act
E. Permanent Care Labeling Act
F. The Federal Trade Commission
G. The USA Standards Institute (American Standards Assoc.)
H. United States Department of Agriculture
I. Consumers Union of the United States
J. Consumer Product Safety Commission
K. National Fabricare Institute

V. Care and Maintenance

A. Daily, weekly, and monthly care
B. Laundering—professional and coin
C. Dry cleaning—professional and coin cleaner
D. Performance of fibers and finishes with home care
E. Seasonal care and storage
F. Minor repairs
G. Major alterations
H. Recycling

Suggested Activities

Discuss ways to judge quality in clothing and have students devise a checklist for judging construction details such as seam allowances, matched patterns, hem depth, etc.

Devise a recordkeeping system for hangtags to include clothing care, date and place of purchase, and fiber content.

Study and obtain samples of woven, knitted, and novelty weave fabrics. Make tests of fiber characteristics for burning, snagging, wrinkling, etc.

Compare the cost of making an article of clothing with the cost of buying a ready-to-wear item of comparable fabric and quality.

Discuss how cultural differences, personality, and value differences may influence choices of clothing within a family unit. Decide what basic clothes are essential for everyday living for (1) high school or college student, (2) first year on a job, (3) new baby, (4) businessperson, (5) homemaker, (6) retired person.

Invite a resource person from a retail store to bring samples of clothing and give a talk on buying clothes for the winter, spring, summer, or fall season: what to look for; how to read tags, tickets, and labels on garments; and factors involved in pricing.

In committees of three, investigate and obtain information on the various types of credit plans available for buying clothes at department, chain, specialty, and catalog order stores. Report and discuss in class. Explain how each of the common forms of credit is used to meet different needs.

Comparison shop a well-known blouse or shirt versus a less-known brand name at a medium-price level. In committees, visit a department store, specialty shop, chain, discount house, catalog order store. Evaluate results.

Research law requirements on labels for certain textiles. Prepare a list of labeling laws which protect the consumer.

Simulate a department store claim adjustment department. Customers are returning merchandise for three different claims of damage: (1) shrinkage, (2) hole in shirt from pressing, and (3) leaking boots. Role play customer's and clerk's attitudes for both right and wrong approaches. Discuss and write correct procedure to follow for making claims for adjustment. List responsibilities of consumer as well as merchant retailer.

Collect ads from magazines and newspapers. Make a display showing informative and noninformative ads. Discuss and write what information, in your opinion, should be given in newspaper ads, TV commercials, or radio advertising.

Take a field trip to a dry cleaning establishment to learn about spot removing, cleaning, and pressing techniques.

Resources

☆ *Clothing Figure Analysis.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. A program which allows the user to learn what types of clothing women should wear based upon individual figure characteristics.

☆ *Fiber Care Program.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. A program designed to help the student learn how to care for different fiber groups.

* *How to Select Infants' and Children's Clothing.* Sears, Roebuck and Co., Consumer Information Services, Department 703, Sears Tower, Chicago, IL 60684. Clothing requirements for children from birth through age five, based on various stages of growth and development and the activities that accompany each.

* *Selecting Fashions.* Sears, Roebuck and Co., Consumer Information Services, Department 703, Sears Tower, Chicago, IL 60684. Discusses figure problems of women with emphasis on fit, coordination, and quality. Appropriate for use with mature audiences.

* *Selecting Teen Fashions.* Sears, Roebuck and Co., Consumer Information Services, Department 703, Sears Tower, Chicago, IL 60684. A contemporary approach to clothing selection for teenage girls. Includes purchasing information and a wardrobe inventory worksheet.

☆ *Stain Removal Program.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. A program which allows the student to display the stain removal information for thirty-one different common stains for washable fabrics.

† *The Computer Shopping Game.* Forecast Magazine, September, 1984, General and Editorial Offices, 50 West 44th Street, New York, NY 10036. A written copy of a computer game that lets you practice smart clothes shopping.

* *Young Men's Clothing.* Sears, Roebuck and Company, Consumer Information Services, Department 703, Sears Tower, Chicago, IL 60684. A teenager's handbook that shows how clothing communicates. Includes a clothing vocabulary, sections on care, color, purchasing and fiber information.

* *Your Clothing Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. Wardrobe planning, buying and care information.

HEALTH CARE

Adequate health is vital to physical, psychological, emotional, and social fitness. Dollars spent to reach the goal of the best possible health are profitable investments not only in ourselves and our families, but also in the overall vitality and strength of our communities and our country. Medical science has made startling advances in controlling disease and promoting good health for everyone. Costs for medical care and the maintenance of good health continue to rise in the United States. These rising expenses make a financial plan to cover health costs both helpful and necessary.

Many products and services associated with the health and welfare of individuals are available. The relationship of good health to the use of these products and services should be a concern of all.

Consumers spend a substantial portion of their income on exercise clubs, drugs, diets and diet supplements, cosmetics, and preventive medical programs. To achieve maximum satisfaction, consumers must exercise sound judgment in the purchase of these and other related items.

Objectives

After studying this unit, students should be able to:

- Understand desirable health practices for each stage of their life cycles;
- Identify ways to help build and preserve optimal health;
- Know where and how to obtain professional health services including treatment;
- Understand how to select professional health services including treatment;
- Understand the alternatives available in securing health services;
- Recognize that a financial plan to cover health costs is both helpful and necessary;
- Understand the dangers of fad diets and other health gimmicks;
- Recognize the validity of health information obtained from non-professional services;
- Utilize health services and information available at minimal or no cost, such as community health agencies, local or state health departments, welfare departments, and professional organizations and societies;
- Become aware of and evaluate supplementary health products, health insurances and health care programs that are available on the market today;
- Become aware of fraudulent health practices and products;
- Recognize the role advertising plays in the health field;
- Be aware of the factors that influence the buying of cosmetics, over-the-counter drugs, and other health preparations;
- Recognize that drugs are potent substances that may help or harm the body.

Outline of Content

I. Maintaining Good Health

- A. Definition—physical, mental, social, emotional, and spiritual
- B. Inherited traits
- C. Physical fitness
- D. Nutrition
- E. Regular medical and dental examinations
- F. Satisfying work
- G. Rest and relaxation
- H. Recreation
- I. Mental and emotional stability
- J. Social well-being
- K. Stress control

II. Choosing medical care services

- A. Health care delivery systems
  1. Private physician, dentist, etc.
  2. Walk-in medical service
  3. Health maintenance organization (HMO)
- B. Choosing a physician, dentist, optometrist, psychiatrist, chiropractor, psychologist, HMO, or other professional personnel
  1. Qualifications
  2. Location of office, hours
  3. Fees, costs, and payment methods
  4. Hospital affiliation and extended care facility
- C. Selecting hospital services
  1. Rooms—private, semi-private, multiple
  2. Rates
  3. Facilities
  4. Out-patient services
- D. Using community and tax-supported health services
  1. Clinics
  2. Community mental health centers and hospitals
  3. Hospices
  4. Local health department
  5. National health insurance

III. Sources of Information and Protection

A. Government agencies
   1. State
      a. Department of Public Health
      b. Department of Children and Family Services
      c. Department of Public Aid
      d. Department of Mental Health
      e. Department of Labor
      f. Industrial Commission (Workmen's Compensation)
      g. Medicaid
   2. Federal Government
      a. Food Drug Administration
      b. Federal Trade Commission
      c. Occupational Safety and Health Administrators
      d. U.S. Department of Agriculture
      e. Department of Health and Human Services
      f. Social Security—Medicare

B. Labor unions
C. Other state, federal, and local agencies
D. Professional associations
   1. Illinois Medical and Dental Associations
   2. Illinois Association of Optometrists
   3. Illinois Association of Podiatrists
   4. American Medical Association
   5. Illinois Nurses Association
   6. American Nurses Association
   7. American Dietetic Association
   8. American Chiropractic Association
E. Voluntary health associations and societies
   1. American Cancer Society
   2. American Heart Association
   3. American Lung Associatin of Illinois
   4. National Foundation
   5. Muscular Dystrophy

IV. Drugs
   A. Prescription and over-the-counter
   B. Generic and brand name
   C. Use and misuse
   D. Safety of drugs
   E. Side effects of drugs
   F. Drug records
   G. Storage of drugs
   H. Influence of advertising
   I. Influence of peer pressure and fads

V. Determining Deceptive and Fraudulent Practices in Health and Medical Care

   A. Health aids
   B. Unlicensed practitioners
   C. Health quackery
   D. Deceptive and unethical advertising and selling practices
   E. Unapproved health aids, devices, services

VI. Health Care for the Elderly
   A. Types
      1. Nursing homes
      2. Shelter-care homes
      3. Home health-care hospices
      4. Senior Citizen Center
   B. Selection
      1. Cost
      2. Services offered
      3. Problems

VII. Cosmetics
   A. Selection
      1. Cost
      2. Influence of advertising
      3. Safety
      4. Influence of peer pressure and fads
   B. Cosmetic surgery

VIII. Problems and Issues in Health Care
   A. Spiraling costs of health care and health care insurance
      1. Comprehensive health planning
      2. Hospital cost control
      3. Method of payment
   B. Lack of health services
   C. Overlapping health services
   D. Malpractice
   E. Ethical issues
   F. Limited advertising for professional health services
   G. Patient rights

Suggested Activities

1. Study federal, state, city, and county health services available in the community and list services performed, who performs them, and whether they are public or private.

2. Comprise a list of local places teens may go for help or counseling.

3. Investigate the procedure in your community for obtaining the emergency services listed below. Secure the proper telephone numbers and check to make sure that these numbers are written down in your home near the telephone.

   physician
   dentist
   a physician if your own doctor is not available
   ambulance service
   hospital emergency room
   poison prevention
   drug overdose
   alcohol
   emotional disturbance/suicide
   child abuse hotline
   sexually transmitted disease (S.T.D.)
   paramedics
   fire department
   police department

Evaluate health care commercials, articles and books.

Make a comparative study of costs of physicians' and/or dentists' fees in your area.

Invite a representative of the Office of the Attorney General to discuss various aspects of consumer fraud and protection in the marketplace, giving current information on court decisions and legislative enactments.

Prepare and administer a survey to determine how students spend their money on drugs and cosmetics. Using this information, construct a graph showing how much is spent on each item individually and/or collectively.

Use brainstorming to determine the factors that influence students to buy cosmetics (magazine, TV, radio, other). Collect and mount on the bulletin board several examples portraying the influences of mass media on buying cosmetics.

Identify the sales appeal of two brands of either a drug or cosmetic product (e.g., hair spray, soap, aspirin, etc.). Compare the appeal used with the effectiveness of the product as determined by independent testing agencies.

Prepare a list of federal, state, and local law enforcement agencies responsible for the safety of drugs and cosmetics, indicating services performed.

Develop criteria for the selection of prescription and over-the-counter drugs.

Discuss some of the health and safety services provided by state and local governments.

Arrange a panel discussion on ways of reducing health costs.

Discuss the danger of self-diagnosis and self-treatment when ill. List and discuss the elements of a good personal health program, including a regular physical examination and dental care.

Determine how drugs are regulated in regard to safety and discuss the recources of consumers in regard to erroneous advertising.

Investigate the advantages and dangers of visiting tanning salons and other types of health spas.

Have class prepare and administer a survey on students as consumers of drugs and cosmetics. The survey could include items such as (a) the amount of money spent on drugs, (b) the type of products purchased, (c) brand names of products purchased, and (d) what influences students to buy a particular brand. Using the results of the survey, construct a graph which shows (a) money spent on each category, (b) brands purchased, (c) reasons for purchasing, etc. Discuss results of the survey in group activities.

Resources

* *Analyzing Health Care Policy: A Resource Guide.* Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016. Considers the economic and political issues involved in setting a national policy on health care. Contains overview for teachers, instructional activities, and materials for classroom use.

* *Current Health.* Curriculum Innovations, Inc., 3500 Western Avenue, Highland Park, IL 60035. This is a monthly publication during the school year September through May. It covers a variety of articles on health topics.

* *Physician Desk Reference.* Litton Industries, Inc. Published by Medical Economics Company, a Litton Division, Ordell, NJ 07649. Published annually with supplements. This publication provides a description of every drug and discusses the side effects.

* *Source Book of Health Insurance Data.* Health Insurance Association of America, Public Relations Division, 1850 K Street NW, Washington, DC 20006-2284. This publication provides key health insurance statistics such as number of persons covered and type of coverage, health care expenditures, health care costs, average cost of hospital rooms, cost of surgeons' fees.

* *What Consumers Should Know about Health Care Services and Health Insurance.* Community and Consumer Relations Health Insurance Associations of America, 1850 K Street, N.W., Washington, DC 20006-2284. This two-page flyer answers many commonly asked questions about health care services and health insurance. It also contains a consumer checklist for health insurance and disability insurance.

* *Your Medicare Handbook.* Department of Health and Human Services, Health Care Financing Administration, Baltimore, MD 21207. A comprehensive guide to medicare and how it works. Included are a definition of medicare and the types of services covered.

RECREATION

Consumers have larger amounts of time and financial resources today to use in various ways. Increasingly, many are deciding to use their spare resources for recreation.

Recreation is a human activity that provides a myriad of opportunities for one's physical, mental and social well-being and growth through varied activities and experiences. Whether these activities and experiences are active or passive, they allow the user to reinforce important consumer skills such as comparison shopping, budgeting, saving and decisionmaking in the recreation marketplace. In this process, individuals must not only weigh the benefits and costs of their personal recreational choices but those of society as well.

Objectives

After studying this unit, students should be able to:

- Analyze practices and preferences for spending non-working time;
- Evaluate the opportunity costs of using one's non-working time;
- Compare and contrast the activities that can be performed during recreational time;
- Comprehend the benefits of recreation for one's physical, mental and social health;
- Formulate a balanced personal recreational program based on one's abilities, needs and resources;
- Evaluate the opportunity costs of one's recreational plan in relation to one's entire financial plan;
- Compare and contrast the quality, features, price and financing of recreational equipment, supplies and activities;
- Comprehend that many suppliers are bidding and competing for one's recreational dollar;
- Analyze the economic effects of their recreational decisions on their families, their community and the marketplace;
- Analyze the major economic issues affecting the availability and distribution of private and public recreational facilities;
- Comprehend factors affecting recreational patterns in this nation;
- Recognize recreational activities as sources for supplementing income.

Outline of Content

I. Factors Affecting Recreational Decisions

- A. Activity level
  1. Passive/active
  2. Physical/sedentary
- B. Individual differences
  1. Time
  2. Goals
  3. Financial resources/income
  4. Life style
  5. Skill/physical dexterity
  6. Profession
- C. Individual benefits
  1. Develop physical fitness
  2. Provide needed rest or relaxation
  3. Improve physical/mental health
  4. Build personal character
  5. Learn rules and good sportsmanship
  6. Provide escape from routine
  7. Improve attitudes toward work or life
  8. Explore entertainment
  9. Develop socialization skills
  10. Improve creative skills
  11. Understand different peoples/societies
  12. Aid retirement/rehabilitation
- D. A balanced personal recreational program
  1. Active vs. passive
  2. Physical/mental activity
  3. Individual vs. group activity
  4. Spectator vs. participant
  5. Creative
     a. Composing
     b. Planning
     c. Making
     d. Building
     e. Fixing
     f. Improving

II. Financial Factors Affecting Recreational Decisions

- A. Cost/benefit factors in recreational activities
  1. Budget priorities and needs
  2. Cost when not in use
  3. Fixed costs of ownership
     a. Time-share vacation home
     b. Home swimming pool
     c. Video equipment
     d. Sporting goods
     e. Boats, RV's, etc.
  4. Fees
     a. Sporting events
     b. Recreational areas
     c. Club memberships

5. Other costs
   a. Insuring recreational equipment
   b. Insuring against personal liability
   c. Licenses
   d. Special training
   e. Fuel and repairs

B. Financial resources
   1. Personal savings
   2. Credit
      a. Installment buying of recreational products and services
      b. Credit card purchases of vacations and travel
      c. Short-term vs. long-term financing
   3. Additional considerations
      a. Rent, lease, or purchase
         1. Individual
         2. Shared
      b. Storage
      c. Quality of equipment needed
         1. New vs. used
         2. Grade of quality
      d. Useful life of equipment (outgrowing)
      e. Trade-in value
      f. Fad vs. established activity

III. Assistance in Planning Recreational Activities

A. Public and Private
   1. American Automobile Association
   2. American Express
   3. Local arts association
   4. Local park district
   5. National gasoline companies
   6. National Park Service
   7. Retailers of recreational equipment
   8. State and local recreational agencies
   9. State Department of Conservation
   10. Travel agencies

B. Personal
   1. Experiences and advice
      a. Family
      b. Friends
      c. Neighbors
   2. Advice
      a. Medical professionals
      b. Physical education personnel

IV. Use of Public vs. Private Facilities

A. Comparing and contrasting the facilities
   1. Parks
   2. Zoos
   3. Playgrounds
   4. Museums
   5. Theaters
   6. Libraries
   7. Sporting facilities
   8. Carriers
      a. Air
      b. Bus
      c. Rail
      d. Water

B. Economic issues
   1. Private
      a. Effects of supply and demand on pricing
      b. Effects of government regulation
   2. Public
      a. Societal benefits and costs of public facilities
      b. Taxation vs. fees

V. Factors Affecting Recreational Patterns

A. Shortened workweek/increased leisure time
B. Increases in fringe benefits/increased vacations
C. Increased gross income/increased disposable income
D. Reduced taxes/increased disposable income
E. Increases in expenditure for recreational and nonwork-time activities
F. Increased interest in physical/mental fitness
G. Increased energy conservation concerns
H. Increased emphasis on second income
   1. Less leisure activity
   2. Increased spending for the home and self
I. Telecommunication

Suggested Activities

Write an essay: "What rewards or pleasures do your recreational activities bring you? Why?

Projects and topics for investigation and discussion:

Fly or Drive?
Go Now, Pay Later
Cost of Teenage Activities
Popular Winter Sports
Two Camping Costs
Party Prices
Bicycle Security

Keep a time log to see how much time you spend on recreation in a week's time. Examine the log to see if your recreation time is a reasonable amount of time. Or do you work too much? Play too much? If you are not satisfied, how might you alter your schedule?

Investigate free community recreational facilities within a 25-mile radius. Write an article for the school newspaper.

Choose a destination and plan a vacation based on two different income levels.

Invite a travel agent to class to discuss tips on saving travel dollars and "deals" to be wary of.

Interview sellers of new and used campers, motorcycles, boats, skis etc., and report to class the advantages and disadvantages of purchasing each.

Interview three owners each of travel trailers, motor homes, tents, and/or camping equipment in terms of:

1. initial cost,
2. care and maintenance,
3. storage,
4. operating costs and depreciation,
5. hidden costs.

Determine how long and how frequently each would have to be used for these to provide a recreational savings.

Debate whether crowded National Parks should provide more services for tourists such as bigger roads, more camping spaces, more trails, etc.

Have groups collect travel ads from newspapers and magazines and then develop a checklist of questions to ask the seller when calling or shopping.

Interview consumers in three age groups (teens, middle-age, senior citizen) and ask each to list the most popular recreational activities in their youth. How many are still popular today? Which were fads?

Interview three medical professionals on any cautions one needs to take before pursuing physical fitness programs or activities. Summarize the findings and report back to the class.

Conduct a local poll to determine which recreational activities are most popular in your community. The poll might categorize people based on age, sex, marital status, and education. Publish your findings in your local or school paper.

Interview a representative from the Office of the Attorney General and determine which recreational frauds are most prevalent in your area.

Prepare a bulletin board contrasting private and public recreational facilities in your community/county.

Invite a person to class to talk about how he/she turned a recreational activity into supplementary income.

Resources

* *Changing Times.* The Kiplinger Magazine, Editors Park, MD 20782. Each issue of this magazine suggests helps for recreation.

* *Consumer Reports.* Consumers Union, Mount Vernon, NY 10550. Suggestions for purchasing a recreational product or service may be found in almost every issue of this monthly publication. The annual guide, "The Buying Guide Issue," has summarized selections.

* *Free or Inexpensive.* Consumer Information Center, Government Printing Office, Pueblo, CO 81009. A free catalog lists various publications on recreational areas and activities.

□ *Give and Take.* State Board of Education. Free video tapes to copy on economic topics. Programs #7 and #8 examine the issue of public vs. private use and support for city recreational facilities.

☆ *Microcomputer Applications in Vocational Education.* Curriculum Publications Clearinghouse, Western Illinois University, Horrabin Hall 46, Macomb, IL 61455. Inexpensive computer software on physical fitness and sports/exercise evaluation.

□ Modern Talking Picture Service, 5000 Park Street North, St. Petersburg, FL 33709. A free catalog lists free films emphasizing vacation sites and equipment from governmental agencies and manufacturers.

* *Money.* Time, Inc., P.O. Box 2516, Boulder, CO 80321. Some issues also have helps for recreation in vacations, travel, and collectibles.

* Newsbank, 58 Pine Street, New Canaan, CT. 06846. A news service in public libraries providing selected newspaper articles on leisure industries, fads, and hobbies.

* *Ten Timeshare Tips.* Federal Trade Commission, Washington, DC 20580. This one-page information sheet discusses types of timesharing plans and presents points to consider before purchasing a timeshare.

* *Your Recreation Dollar.* Money Management Institute Household International, 2700 Sanders Road, Prospect Heights, IL 60070. This booklet suggests ways to plan recreation expenses for special activities, equipment and vacation travel.

HOME FURNISHING AND EQUIPMENT

Because home furnishings and equipment are accumulated over a period of time, it is easy to overlook the impact they can have on personal and family budgets. Sound buying decisions need to be based on learned skills as well as thoughtful planning if students are to evaluate intelligently the alternatives available to them in a rapidly changing society.

Objectives

After studying this unit, students should be able to:

- Make satisfying selections of home furnishings and equipment according to social, psychological, economic, and utility needs of self and family;
- Understand the importance of budgeting costs and planning for payments;
- Recognize that planning the purchase of some furnishings and appliances involves additional costs related to financing, delivering, installing, operating, and servicing;
- Learn to recognize the levels of quality;
- Understand the terms of warranties and service contracts and the responsibilities of both buyer and seller in relation to those terms;
- Become aware of the ways that shopping skills can help consumers obtain the most satisfaction for their money;
- Understand various types of credit plans and use them intelligently;
- Become knowledgeable about consumer rights and responsibilities in the marketplace;
- Locate sources of assistance when fraudulent consumer practices are encountered;
- Realize that proper use, care, and maintenance can add to the life of furnishings and equipment;
- Assume responsibility for environmental and energy considerations in relation to furnishings and equipment.

Outline of Content

I. Home Furnishings and Equipment in Changing Society
   A. Help establish a sense of security and continuity
   B. Provide a source of comfort and utility
   C. Serve as an outlet for creativity
   D. Reflect personal and/or family life style and interests

II. Factors Affecting Buying Decisions
   A. Architectural considerations
      1. Style of home or apartment
      2. Architectural features and their placement
      3. Size, number, and arrangement of rooms
      4. Division of interior space
      5. Type and number of utility connections
   B. Features to consider
      1. Style preference
      2. Form and function
      3. Quality and durability
      4. Construction and finishes
      5. Cost versus convenience
      6. Performance features
      7. Design, color, and texture
      8. Multiple-use furniture and appliances
   C. Care and servicing requirements
      1. Service contracts
      2. Availability of parts
      3. Do it yourself repair
      4. Effects of metric measure
      5. Energy efficiency ratio
      6. Safety features
      7. Warranties, guarantees, seals
         a. Association of Home Appliance Manufacturers (A.H.A.M.)
         b. Major Appliance Consumer Action Panel (M.A.C.A.P.)
         c. Furniture Industry Consumer Action Panel (F.I.C.A.P.)
         d. American Gas Association (A.G.A.)
         e. Underwriters Laboratory

III. Other Factors Influencing Choice
   A. Personal and family goals
   B. Present and future income
   C. Stage in the life cycle
      1. Material status
      2. Family size
      3. Alternative life styles
      4. Needs and wants
   D. Long-term or short-term use
   E. Peer-group pressure
   F. Mobility of the individual or family
   G. Periodicals and books
   H. Sales personnel
   I. Decorator
   J. Advertising
   K. Brand names
   L. Model homes; store and window displays
   M. Delivery and installation

IV. Care and Maintenance

A. Use and care instructions
   1. Owner's manuals
   2. Appliance and furniture labeling programs
   3. Safety requirements
B. Regular and periodic maintenance
C. Operating costs
D. Energy consumption
E. Effect on ecology

V. Financing and Payments

A. Service contracts
B. Budgeting
   1. Short-term planning
   2. Long-term planning
C. Cash
D. Retail credit terms
E. Cash loans
   1. Financial institutions
   2. Relatives
F. Alternatives to purchasing new
   1. Second hand
      a. Thrift stores
      b. Family and friends
   2. Refinishing, upholstering, etc.
   3. Rent or lease
   4. Garage sales
   5. Auctions

VI. Sources of Consumer Information
A. Comparative shopping
B. Point-of-sale literature
C. Electronic shopping
D. Specification sheets
E. Hangtags and labels
F. Consumer information/education publications
G. Informative advertising
H. Utility companies
I. General merchandise catalogs
J. Extension home economists
K. Better Business Bureau

Suggested Activities

Ask students to draw up a list of furniture they think would be needed for a three-room apartment for:

two college friends who decide to share an apartment,
a single business person,
a newly married couple,
a couple with a baby.

Using newspapers, catalogs, and magazines for furniture and price reference, estimate the cost of furnishings for each life style.

Make a shopping checklist: "What to Look for When Buying Furniture." Visit at least three different types of stores selling furniture. Use the checklist to investigate styles and prices. Read labels and tags for description of woods and finishes. Note variation of prices with quality and construction.

Make a bulletin board comparing furniture quality with its costs. Use tentative budget levels of $1,000, $1,500, and $2,000. Show the best quality of furniture you can buy to furnish a bedroom and living room for each level.

Divide the class into groups to investigate major appliance stores and study general merchandise catalogs. Compare variety of brands and models for:

Performance,
Quality of construction,
Style and special features,
Installation requirements,
Availability of servicing,
Service contracts,
Overall costs,
Financing and payment schedules,
Delivery service,
Warranties and guarantees,
Safety considerations,
Ease of mobility.

For the products investigated, obtain operating landowner's manuals, specification sheets, sales brochures, and other available information. Report back to the class and follow up with discussion. In view of all the information, what are the important factors to consider in making a purchase? Explain.

Tape record interviews with several young couples who have recently furnished apartments or homes. Obtain answers to such questions as: What were their experiences? Were they satisfied with their purchases? What information do they wish they had received prior to making a buying decision? Did they encounter problems and if so, how were they resolved?

Invite resource people to talk to the class on selecting home furnishings and equipment.

Divide the class into teams to research turn-of-the-century and current general merchandise catalogs. Comparison shop each of the following items from both old and new catalogs: sewing machine, washing machine, mattress, sofa bed, lamp, easy chair, phonograph. (Early catalogs are available in reprint form and/or on microfilm in many libraries).

Compare like items for: price differences, purchasing information in catalog descriptions, warranties and guarantees, usefulness to the consumer (utility factors), technological changes and improvements which may have occurred.

Report back to the class and discuss:

How furnishings and equipment are a reflection of our society.
How consumer demand relates to technology and how technology can influence consumer demand.
Factors which account for any price differential between early and current models of each item.

Tape record interviews with the customer service manager of one or more furniture, appliance, and department stores to determine:

Policies with regard to return or exchange of home furnishings and appliances,
Policies on meeting warranty terms,
Primary causes of customer complaints,
The store's responsibility to its customers,
Customer's responsibility to the seller.

Make a flannel board display of labels, samples of warranties, seals, hangtags, owner's manuals, etc., collected from previous family purchases or obtained from stores. Analyze and discuss the function of each and the information it should contain. Draw up a list of standards or information you would recommend for a label or hangtag for a small household appliance.

Role play the returning of an unsatisfactory piece of furniture or a small appliance which has not performed as guaranteed and the securing of service for an appliance covered by a warranty. Evaluate and comment on consumer and dealer responsibilities. Write down the correct procedure to follow in both cases.

Visit a local industry that manufactures consumer-durable goods to determine how its products are designed and tested for safety.

Cite examples of accidents caused by products with features that are unsafe unless precautions are taken in their use. Since many accidents are caused because persons did not read or follow instructions, suggest ways in which consumers should be made more aware of their responsibilities.

Invite a home economist from a local utility company to explain the use of safety features in major home appliances, how they are meeting ecological and energy requirements, and ways the average consumer can help eliminate pollution and conserve energy in use of appliances in the home.

Obtain several sample service contracts. Examine each contract for the amount of service offered, any exclusions it states and the time period covered. Find out labor costs of servicing appliances in your community. Consider the difference in the cost of service contract insurance versus servicing without insurance. Weigh differences of costs and circumstances as to the advisability of having service insurance or providing "do-it-yourself" service.

Resources

* *America's Search for Quality: The Whirlpool Report on Consumers in the 80's.* Whirlpool Corporation, 2000 U.S. 33 North, Benton Harbor, MI 49022. How American's evaluate the quality of consumer products and consumer and public service. It also uncovers differing opinions about quality among distinct segments of the public and examines factors which influence their buying habits.

* *Buy It Right.* A Shoppers Guide to Home Furnishings. Consumer Services Division, Career Institute, 423 Cardinal Drive, Little Falls, NJ 07424. Paperback book covers judging quality, selecting the right store, maintenance, etc. Includes in-store checklists.

* *Do's and Don'ts When You Buy Furniture.* American Furniture Manufacturers Association, P.O. Box HP-7, High Point, NC 27261.

* *Guidelines for Communicating with Consumers about the Energy Guide Appliance Labeling Program.* Association of Home Appliance Manufacturers, 20 North Wacker Drive, Suite 1500, Chicago, IL 60606. Describes the Federal Trade Commission's mandatory appliance energy labeling program.

* *How to Select Major Home Appliances.* Consumer Information Services, D/703, Sears, Roebuck and Co., Sears Tower, Chicago, IL 60684. This booklet discusses your need for the appliance, family requirements, space limitations and your budget in selecting appliances.

* *Microwave Oven: How It Works. . .Why It's Safe.* Association of Home Appliance Manufacturers, 20 North Wacker Drive, Suite 1500, Chicago, IL 60606. This leaflet explains oven operation, the nature of microwaves, federal safety standards and Underwriters Laboratories safety testing.

* *Saving Energy with Your Dishwasher.*
* *Saving Energy with Your Refrigerator and Freezer.*
* *Saving Energy with Your Range.*
* *Saving Energy with Your Room Air Conditioner.*
* *Saving Energy with Your Home Laundry Equipment.* Association of Home Appliance Manufacturers, 20 North Wacker Drive, Suite 1500, Chicago, IL 60606. These pamphlets give suggestions for consumers to follow in purchasing a new appliance and using and caring for their existing appliances to save energy.

* *Your Home Furnishings Dollar and Your Equipment Dollar.* Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070. Publications stressing individual or family goals, recognizing values, information for planning money management and intelligent buying decisions.

* *When You Buy Wood Furniture.* American Furniture Manufacturers Association, P.O. Box HP-7, High Point, NC 27261.

* *When You Buy Upholstered Furniture.* American Furniture Manufacturers Association, P.O. Box HP-7, High Point, NC 27261.

Consumer Education Resources

The following list of resources and materials have been compiled to help new teachers. The list is not intended to be comprehensive. It is designed to give new teachers a quick reference to sources the committee thought would be most helpful to new teachers to the field.

Sources of Consumer Education Materials

American Council on Consumer Interests, 240 Stanley Hall, University of Missouri, Columbia, MO 65211

American Council of Life Insurance, Education Services, 1850 K Street, NW, Washington, DC 20006

Consumer Information Center, Pueblo, CO 81009

Consumer Union, Educational Services, 256 Washington Street, Mt. Vernon, NY 10550

Current Consumer and Lifestyles, Curriculum Innovations, 3500 Western Avenue, Highland Park, IL 60035

Federal Trade Commission, Office of Consumer Protection, Washington, DC 20580

Federal Reserve Bank of Chicago, Public Information Department, Box 834, Chicago, IL 60690

Food and Drug Administration, Office of Consumer Affairs, 5600 Fishers Lane, Rockville, MD 20857

Insurance Information Institute, Education Department, 110 William Street, New York, NY 10038

Joint Council on Economic Education, 2 Park Avenue, New York, NY 10016

Kraft, Inc., Consumer Affairs Department, Kraft Court, Glenview, IL 60025

Modern Talking Picture Service, 5000 Park Street North, Petersburg, FL 33709

Money Management Institute, Household International, 2700 Sanders Road, Prospect Heights, IL 60070

National Dairy Council, 6300 North River Road, Rosemont, IL 60018-4233

National Livestock and Meat Board, 444 North Michigan Avenue, Chicago, IL 60611

New York Stock Exchange, Educational Relations, 11 Wall Street, New York, NY 10005

Social Studies School Services, 10000 Culver Boulevard, Box 802, Culver City, CA 90230

University of Illinois, Cooperative Extension Service. (Check with the County Government Complex for exact location.)

Periodicals and Daily Newspapers

Changing Times
Chicago Tribune
Kiplinger, Washington Letter
U.S.A. Today
U.S. News and World Report
Wall Street Journal

Consumer Education Teaching Aids

"Age of Adoption"

Assists students in coping with an age of change.

"Department Store in the Classroom"

A guide to using general merchandise catalogs and other community resources for consumer education teachers.

Source: Sears, Roebuck and Company, Consumer Information Service, D/703, Sears Tower, Chicago, IL 60684

"Your Credit Rights"

An instructional unit on consumer credit protection.

Source: Federal Reserve Bank of Minnesota, Office of Public Information, 250 Marquette Avenue, Minneapolis 55480.

Consumer Education Resource Books

Abstracts of the Economic Education Awards Competition. Annual. G. Palmer, ed. Joint Council on Economic Education. Available from National Depository for Economic Education Awards, Milner 84, Illinois State University, Normal, IL 61701

Consumer's Resource Handbook. U.S. Office of Consumer Affairs, Washington, DC.

Eqstein, David, and Nickles, Steve. *Consumer Law.* St. Paul, Minnesota: West Publishing Company, 1980.

Feldman, Lawrence P. *Consumer Protection: Problems and Prospects.* 2nd ed. St. Paul, Minnesota: West Publishing Company, 1980.

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